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Insists Over-The-Counter Dealer Be Protected

We give below the major portion of the statement made last month by Edward E. Chase (representing the Maine Dealers Committee) before the House Committee on Interstate and Foreign Commerce opposing the adoption of the proposed Proxy Amendment to the Securities Exchange Act of 1934 unless supplemented by the adoption of another amendment to protect over-the-counter dealers from extermination:

"This proposed proxy amendment, if adopted, would extend greatly the application of the existing law relating to the publication of corporate information, by bringing within its scope many thousands of corporate enterprises. According to the Conference Report, it is sponsored by the New York Stock Exchange and the New York Curb Exchange; while the National Association of Securities Dealers and the Investment Bankers Association neither favor nor oppose, on account of a conflict of interest within their memberships. The Securities and Exchange Commission, giving the proposal rather faint praise, calls attention to the desirability of more financial information being made available.

"The position of the distributing dealers whom I represent is similar to the position of the Commission. We would welcome such additional information upon corporations whose securities are publicly outstanding. The ostensible purpose is so worthy, and the argument so plausible, that one is almost ashamed to suggest that the whole story has not been told.

"Nevertheless, it is a fact that the adoption of this proxy amendment, ostensibly designed in the public interest, would give these Exchanges, and especially the Curb Exchange, a great advantage over the dealers in whose interest I speak. The New York Stock Exchange might find it easier to persuade companies to list their securities, if the information required for listing had to be published anyway; and this may not be objectionable. But the New York Curb Exchange would have made available, without cost, much of the information which made available, without cost, visions of Clause (3) of Section 12 (f), in order to secure unlisted trading privileges.

"The present law permits the Curb Exchange to apply to the Commission for unlisted trading privileges in a security without the consent of and even against the wish of the issuer. We distributing dealers generally have been opposed to this provision, first because Curb trading in an unlisted security is an embarrassment to the distributor who deals in that security, and second because we contend that it is not in the public interest that an issuer should be exposed to the danger of irresponsible ownership and speculation in its securities without its consent.

"This existing situation, we think, is bad enough. But it would become much worse if the Exchange-proposed proxy amendment should be adopted; for there would then be available to the Curb Exchange a mass of information on small companies, which could be used in applying for unlisted trading privileges in hundreds of securities, the distribution of which is now our principal business.

"It is true that such unlisted trading privileges must be granted by the Commission, and that the Commission must base its decision upon its conception of the public interest. However, you will see that this is not an adequate answer, if you consider the practical situation. The Curb Exchange is a centralized organization. It has a staff of lawyers and statisticians. In a few days it can prepare and present a plausible case. On the other hand, the distributing dealers are not organ-

(Continued on page 658)

OUR REPORTER'S REPORT

Though naturally regarded as an undertaking separate and distinct from corporate financing, details of the Treasury's $1,500,000,000 new money offering, due out today, are awaited with the usual interest as a guide to the general market picture.

Wall Street admits considerable confusion in endeavoring to guess what Mr. Morgenthau may have in mind with regard to type of issue, maturity and coupon rate. Frankly, bankers confess being tired of listening to prognostications.

But taking their guidance from the action of outstanding Treasuries, some traders who are quite adept figuring prospects, have been watching the Treasury's 1951-1955 maturities and noting the greater than average heaviness which has ruled there.

This particular issue has eased about ⅜ of a point recently. The 1952-1954 maturities, it is pointed out, are selling at prices to yield the buyer from 2.09 to 2.15%.

Piecing the picture together, these students calculate that chances favor a ten-to-thirteen-year maturity which it is believed would carry a coupon of around 2¼%.

Of course, if Secretary Morgenthau sticks to long-terms, the situation would be altered accordingly. And considering the scope of the undertaking there is always the possibility of some offering of intermediates and long terms.

Schenley Deal "Steaming"

Bankers who are slated to market the Schenley Distillers Corporation financing, designed to fund outstanding bank loans, are reported to be contemplating public offering early next week, provided nothing untoward happens meanwhile.

(Continued on page 657)

Schram And Burns Urge Repeal Or Modification Of New York State Stock Transfer Tax Laws

Emil Schram, President of the New York Stock Exchange, and James F. Burns, Jr., President of the Association of Stock Exchange Firms, appearing in Albany before the Ways and Means Committee of the New York State Legislature, urged repeal or modification of stock transfer taxes which are paralyzing the securities business in New York.

The present tax situation is jeopardizing New York's position as financial center of the country, Mr. Schram said, and lower market volume, reduced employment, loss of building rentals, lowered valuation for real estate and reduced purchasing power is resulting. Mr. Schram pointed out that 75% of the New York Stock Exchange's public business originates outside the State, and many customers have taken their business to out-of-State markets where there are lower, or no, taxes. The New York fiscal emergency giving rise to this tax no longer exists and the tax should be abolished. "Today," he added, "there is an emergency but it exists in the financial district of New York. I am not overstating the case when I say that this emergency is so serious that the position of supremacy which our financial district has long held is now threatened."

Mr. Burns stated that a recent survey showed a decline of almost 44% in employment by Exchange member firms in the last five years, and the data reflect only Stock Exchange employment conditions, indicating only a small part of the shrinkage in personnel and earning power during the period. He added that the brokerage industry is facing the possibility of a shortage of skilled employees because of its inability at present market volume to meet the wages offered by other industries which are not placed at a competitive disadvantage by prejudicial taxation.

The State Legislature has twice passed bills eliminating the taxes, but each time Governor Lehman vetoed them.

The "Chronicle" urges all dealers and brokers and their employees in New York State to write to their Senators and Assemblymen at Albany urging them to use their best efforts to get the Coudert-Mitchell Bills passed. If these bills become law, it will be an inspiration to investment bankers and brokers in other States and will encourage them to seek the repeal of laws that are inimical to their interests.

Lewis W. Douglas To Address N. Y. Bond Club

Lewis W. Douglas, President of the Mutual Life Insurance Company of New York, will address the Bond Club of New York at its next luncheon meeting to be held at the Bankers Club on Feb. 24, it was announced today by J. Taylor Foster, President of the club.

Mr. Douglas recently was appointed to work with W. Averell Harriman, the President's special representative in London, on distribution and delivery of war supplies. Preparatory to leaving shortly for London, he is now in Washington making a special survey in connection with his war assignment.

INDEX

Page
Our Reporter's Report.............. 649
Bank and Insurance Stocks......... 654
Calendar of New Security Flotations 661
Investment Trusts 655
Municipal News and Notes......... 655
Personnel Items 652
Railroad Securities 653
Securities Salesman's Corner (The) 656
Tomorrow's Market—Walter Whyte Says 653
Bond Selector (The).............. 655
Whisperings 660
Our Reporter on Governments..... 664
Uptown After 3................... 660
Jottings 651

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Newspaper Quotation Spreads Should Not Deprive Dealers Of Adequate Compensation

By An Anonymous Dealer

There can be but two justifiable reasons for contracting the spread between the bid and ask prices on Over-the-Counter Industrial and Public Utilities securities.

1. Substantial public complaints of gouging by brokers and dealers.
2. Inordinate profits accruing to the securities dealer.

In view of the recent report by NASD the first reason appears unfounded.

This report by NASD on its 2,883 members for the year of 1941 indicated 120 violations of good business conduct. Of these, 30 persons were expelled, others suspended, fined or admonished. When one considers the millions of transactions handled by perhaps 25,000 to 30,000 salesmen, traders, customers' men and partners during the year the record is not too bad. The 30 or so expelled represent about 1/10 of 1% of the persons engaged in this work. While it lists 120 complaints it does not define the type of violations, therefore it is quite impossible to state whether or not these complaints were for gouging or other reasons. I am sure that the whole of the membership of the NASD would like to see a Simon-pure record. However, it has not been revealed that gouging is a cause for public complaints.

The second reason for narrowing the newspaper quotations would be that of "inordinate profits."

No one in authority can accurately determine the costs of doing business in the securities industry. The overhead of one investment dealer is as unlike another's as snowflakes examined under a microscope. Ten trades identical in price, amount, and issue, might have varying charges for telegraph, telephone, etc., etc., thereby changing the net profit accruing to the different firms. Similarly, production costs differ in the hundreds of units comprising a single manufacturing industry. Under such conditions is it not impossible to determine whether or not identical transactions by several firms will result in an excessive profit to any one of them?

The continuous decrease in the number of registered dealers, the reduction in dealers' sales staff and contraction of office space used by the industry, the continuous consolidation of firms, Scotch holidays, and reduction of salary and wages received by the people in the financial district reflects declining business and profits.

Individual profit is a correct motive in any line of business.

Investment trust issues appear in the newspaper at quotations which their sponsors set to allow a sufficient margin of profit to act as incentive for salesmen, and stocks can not be brought from or sold to investors by members of NASD at prices other than those quoted. Why then should not other Over-the-Counter issues appear at prices above and below specialists market which would also permit a profit to salesmen?

The unlisted bank and insurance, public utility, and industrial stocks and bonds quoted in the newspapers must qualify as to size of issue, number of holders, management or control ownership, area of distribution, financial qualification and other logical reasons formulated to insure a continuous free public supply and demand market before they are accepted for listing therein. These qualifications must be amply met or the quotations will not be carried.

To insure a continuing public market an ample margin of profit must be allowed to both the investment trust sponsors, and specialists and retailers in over-the-counter securities.

The small volume of business transacted by the exchanges is in no small part attributable to the negligible commissions allowed; whereas it has been conclusively shown in recent months that distribution of large blocks of listed stock, over-the-counter, was effective because of the incentive of the profit motive, i.e., such transactions effected after the close of the exchange allowed the house to make a profit of ½ point or more.

Morse Opens New Dept. For Newburger, Loeb

Newburger, Loeb & Co., members New York Stock Exchange, announce the opening of a municipal bond department under the management of Charles D. Morse. This step marks an important expansion of the firm's bond activities.

Charles D. Morse

For the past three years Mr. Morse has been associated with Otis & Co., as manager of their municipal bond department. Prior to 1939, he was President of his own municipal firm Morse Brothers & Co., Inc. Before forming his own company, he was for 13 years associated with Lehman Brothers as manager of their municipal trading department.

Corporate Reports

Eastern Printing Corporation, 100 Sixth Avenue, New York City, has prepared a most attractive folder showing samples of typograph and papers used in connection with corporate reports, proxy solicitation, registration and listing statements, prospectuses and SEC forms; the folder also contains a timetable for proxy procedure and questions with respect to annual reports to stockholders. Copies of the folder may be had upon request by writing to Andrew F. Gibson, manager of the corporate division.

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Kebbon, McCormick Co. Is Formed In Chicago

CHICAGO, ILL. — Announcement is made of the formation of Kebbon, McCormick & Co. to continue the investment business formerly conducted by Stern, Wampler & Co., Inc. The new firm will occupy the present quarters of Stern, Wampler & Co., Inc., at 231 South La Salle Street, Chicago, and 40 Wall Street, New York City. Formal announcement is expected in the near future.

R. A. Kebbon

Kebbon, McCormick & Co. will be conducted as a partnership, which includes L. Raymond Billett, James R. Connell, J. W. Hirsch, Richard A. Kebbon, John C. Marshall, D. Dean McCormick and Harry N. Pritchard, all of whom are principals of Stern, Wampler & Co., Inc., with the exception of Mr. McCormick, who is resident manager of the Chicago office of Alex. Brown & Sons, Baltimore.

D. D. McCormick

The partners of the new firm have been identified with the investment business for many years. All reside in the Chicago area, with the exception of James R. Connell, who will be the partner in charge of the New York office.

The firm will function as underwriters, distributors and dealers in United States Government, municipal and corporate securities.

Forms Eric Marks & Co.

Eric H. Marks, member of the New York Stock Exchange, will form Eric H. Marks & Co. in partnership with James Campbell, Jr., on Feb. 19th. Offices of the firm will be at 42 Broadway, New York City. Mr. Campbell will act as alternate for Mr. Marks on the floor of the Exchange under section 15, article IX of the Exchange's constitution. Mr. Marks was formerly an individual floor broker and was a partner in Byfield & Co.

Boker To Be Partner

Hermann D. Boker will be admitted to partnership in F. S. Moseley & Co., 14 Wall Street, New York City, and 50 Congress Street, Boston, Mass., members of the New York Stock Exchange and other leading national exchanges, as of Feb. 19th.

Actual Trading Markets in:
Missouri Pacific 5¼s
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Chicago, Northwestern, con. 4[illegible]s
Iowa Central, 4s, 1941
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NSTA Votes To Buy U. S. Defense Bonds

The National Security Traders Association has announced through its President, Herbert H. Blizzard of Philadelphia, that at the semi-annual meeting of the National Committee of the Association held in Chicago, the Association voted to invest 25% of its entire treasury in United States Defense Bonds and to cooperate through its 2,400 members in the sale of Defense Bonds to the public. It was also decided to make a substantial donation to the American Red Cross.

Herbert H. Blizzard

Twenty-two cities, from coast to coast, were represented by delegates at the meeting.

Irwin R. Harris

Mr. Blizzard also announced that Irwin Harris of Scherck, Richter & Co., St. Louis, has been appointed Chairman of the Association's Public Relations Committee.

I. D. Berg Retires

CHICAGO, ILL.—I. D. Berg, office manager of A. G. Becker & Co., Incorporated, 100 South La Salle Street, has retired after more than 52 years of service with the firm and its predecessor, Herman Schaffner & Co. Mr. Berg will contribute his long experience in the investment field to help raise funds for the war effort under the Defense Savings Bond division of the Treasury.

Wall Streeters Hold Rally For War Fund

The Wall Street District's first big war rally since Pearl Harbor was held on the floor of the New York Produce Exchange for the Red Cross War Fund of Greater New York.

An eye-witness account of Pearl Harbor was given by Col. John J. Moorhead, noted surgeon who was in Hawaii when the Jap bombs burst on Dec. 7 and was called into immediate action to care for the victims.

Some 3,000 individuals engaged in investment banking, investment advising, and security or commodity brokerage, were present.

Merle Oberon, motion picture actress, and Leon Fraser, General Chairman of the local War Fund appeal, were speakers, and Lewis E. Pierson, Chairman of the Finance Section, presided.

There was music by a drum and bugle detail of the Grand Street Boys' Band.

Members of the committee arranging the meeting are:

Charles B. Crofton, President of the New York Produce Exchange; Myron G. Darby, of Darby & Co.; Frank Dunne, President, N. Y. Security Dealers Association; I. Henry Hirsch. President, N. Y. Cocoa Exchange; Charles S. McCain, Dillon, Read & Co.; Robert J. Murray, President, N. Y. Cotton Exchange; William W. Pinney, President, N. Y. Coffe & Sugar Exchange; George P. Rea, President, N. Y. Curb Exchange; Henry G. Riter 3d, Chairman, N. Y. District, National Association of Security Dealers, Inc.; and Robert L. Stott, Chairman of the Board, N. Y. Stock Exchange.

Bergen In Armed Service

John J. Bergen, President of John J. Bergen & Co., Ltd., New York investment firm, has entered the Naval service of the nation as Lieutenant-Commander. He will act as Treasurer of the Committee on General Arrangements for the Navy relief show to take place at Madison Square Garden on March 10th.

Edward Boehm, formerly Vice-President of John J. Bergen & Co., Ltd., will go to Detroit as Vice-President of Gar Wood Industries, Inc.

Municipals Vs. Fire Stocks

An interesting circular has been issued by Hare's Ltd., 15 Exchange Place, Jersey City, N. J., comparing the relative investment desirability of municipal bonds and fire insurance stocks, and stressing the particular attractiveness of fire stocks at this time. Average annual yield is compared for each year from 1925 through 1941, relative certainty of income is compared as well as market value and appreciation. Copies of the circular may be had upon request from Hare's Ltd.

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"JOTTINGS"

The new Price Control Act does not seem likely to be either as harmful or as useful as it looks. Events have run on ahead of it and plugged most of its holes.

True, it seems to permit a vicious price spiral shuttling back and forth between wages and farm prices; because wages may be adjusted upward to farm prices (by cost-of-living bonuses, direct or indirect) and then farm "parity prices" are automatically adjusted upward to the higher cost of industrial products.

But in the first place the Department of Agriculture apparently has both the will and the means at this time to hold farm prices down by release of CCC holdings, particularly of grains and cotton. The present corn-hog ratio, for instance, is highly favorable to hog-growing, but it can remain so only if the price of corn is held down and it can easily be held down at this stage by CCC sales.

But the principal fact which limits the importance of the Price Control Act is that it has meaning only where it applies to a free market at free prices, and that market is steadily being shrunken.

Here are some of the ways it is being shrunken.

More and more commodities are now being entirely by-passed from the open market through Government ownership through the Commodity Credit Corporation, Defense Supplies Corporation, Metal Reserve Corporation, Rubber Reserve, Treasury Procurement, Army, Navy, etc. The key-words are "ever-normal granary" and "stockpiling" of "strategic commodities." Few realize how economically fashionable stockpiling has become. First applied to a handful of "strategic materials" it is now being extended to such things as textiles (osnaburgs), sugar (for either alcohol or food), automobiles, scrap, hides, etc. It is simply the going phrase for Government ownership, and an ironic reflection on the inaccuracy of one-time Socialist dreams that government ownership would come primarily through ownership of "the means of production."

Rationing (plus industrial allocations) also shrunk the free

(Continued on page 654)

Market Looks Higher

Prospects for the future of the market appear brighter than they have been in some time, according to the recent issue of "Investors' Weekly Trend Analysis," prepared by Norman H. Adelson, of H. G. Einstein & Co. "Despite the grave war news in the Pacific theatre and Singapore," says the study, "despite the certainty of a substantially increased tax burden on the corporations of the country—despite the prevailing pessimism over rising costs and reduced earnings, there is every reason to believe that the market is looking beyond and ahead of current news and begins to see better news for the future. It may be that inflationary tendencies are taking hold or that a brighter war picture looms ahead. It may be that the reasons for higher stock prices are not yet apparent. Regardless of the reasons, however, it appears that the market future has turned brighter than it has been at any time recently.

"It is most important to note that from the news angle, there was every reason for an important decline to materialize in the last few weeks. Reverses in the Pacific coupled with threats of severe taxes offered ample excuses for an important decline. The fact that the market has resisted this news makes it appear that the technical position has improved—improved to such an extent that it is now safe to take on long commitments.

"It is also important to select securities carefully, particularly in regard to tax liabilities. Securities which might suffer severely from a high excess profits tax based on percentage of invested capital should be avoided."

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DIVIDEND NOTICES

Atlas Corporation

Dividend on Common Stock

NOTICE IS HEREBY GIVEN that a dividend of 25¢ per share has been declared on the Common Stock of Atlas Corporation, payable March 12, 1942, to holders of such stock of record at the close of business February 20, 1942.

WALTER A. PETERSON, *Treasurer*

February 10, 1942.

HOMESTAKE MINING COMPANY

Dividend No. 850

The Board of Directors has declared dividend No. 850 of thirty-seven and one-half cents ($.37½) per share of $12.50 par value Capital Stock, payable February 25, 1942 to stockholders of record 3:00 o'clock P. M. February 20, 1942.

Checks will be mailed by Irving Trust Company, Dividend Disbursing Agent.

R. A. CLARK, Secretary.

February 3, 1942.

Newmont Mining Corporation

Dividend No. 54

On February 10, 1942, a dividend of 37½ cents per share was declared on the capital stock of Newmont Mining Corporation, payable March 16, 1942 to stockholders of record at the close of business February 24, 1942.

H. E. DODGE, *Secretary.*

Spencer Kellogg & Sons, Inc.

A quarterly dividend of $0.50 per share has been declared on the stock, payable March 10, 1942, to Stockholders of record as of the close of business February 21, 1942.

JAMES L. WICKSTEAD, Treasurer

TEXAS GULF SULPHUR COMPANY

The Board of Directors has declared a dividend of 50 cents per share on the Company's capital stock, payable March 16, 1942, to stockholders of record at the close of business March 2, 1942.

H. F. J. KNOBLOCH, Treasurer.

UGI

The current quarterly dividend of $1.25 a share on $5 Dividend Preferred Stock and a **dividend of 15 cents** a share on Common Stock have been declared, payable March 31, 1942, to respective holders of record February 27, 1942.

THE UNITED GAS IMPROVEMENT CO.

I. W. MORRIS Treasurer

January 27, 1942 Philadelphia, Pa.

Results Of Treasury Bill Offering

Secretary of the Treasury Morgenthau announced on Feb. 9 that the tenders for $150,000,000 or thereabouts, of 91-day Treasury bills, to be dated Feb. 11 and to mature May 13, 1942, which were offered on Feb. 6, were opened at the Federal Reserve Banks on Feb. 9. The following details of this issue are revealed:

Total applied for	$399,966,000
Total accepted	150,049,000

Range for accepted bids (excepting two tenders totaling $230,000):

High—99.950. Equivalent rate approximately 0.198%.

Low—99.932. Equivalent rate approximately 0.269%.

Average Price—99.937. Equivalent rate approximately 0.250%.

(17% of the amount bid for at the low price was accepted.)

There was a maturity of a similar issue of bills on Feb. 11 in amount of $150,018,000.

Stokes, Wolf & Co. Add Wm. Carley To Staff

CHICAGO, ILL. — William Mortimer Carley has become associated with Stokes, Woolf & Co., Inc., 105 South La Salle Street. Mr. Carley, who has been active in the investment banking business in Chicago for many years, was formerly a partner in Carley & Co., and prior thereto was a partner in Carley, Pattison & Co. and its predecessor, Philip R. Pattison & Co., and was with Morrill, Clarke & Rich.

Dentone With Dean Witter

(Special to The Financial Chronicle)

STOCKTON, CALIF.—Leo A. Dentone, formerly local manager for H. R. Baker & Co. and Associated American Distributors, Inc., has become associated with Dean Witter & Co., 18 South Sutter Street.

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N. Y. Curb Re-Elects Moffatt Chairman

At the annual election of the New York Curb Exchange held on Feb. 9, Fred C. Moffatt was re-elected as Chairman of the Board of Governors for a term of one year. In addition to Mr. Moffatt, five Class "A" Governors, four Class "B" Governors, and two trustees of the Gratuity Fund were elected for a term of three years, one Class "B" Governor for a two-year term, one Class "B" Governor for a one-year term, and one trustee of the Gratuity Fund for a one-year term.

The newly elected Governors and Trustees, together with their firm affiliations follow:

*Members of the Board of Governors (Class "A")**
(Three-year Term)

William H. Hassinger, Garvin, Bantel & Co.; William S. Muller, Frederick J. Roth, H. L. Buchanan & Co.; Thomas W. Bartsch, W. R. K. Taylor & Co.; Mortimer Landsberg, Brickman, Landsberg & Co.

*Members of the Board of Governors (Class "B")***
(Three-year Term)

W. Palmer Dixon, C. M. Loeb, Rhoades & Co.; Allen J. Nix, Riter & Co.; James G. Tremaine, Gude, Winmill & Co.; Herbert L. Wisner, Penington, Colket & Wisner.

Trustees of the Gratuity Fund
(Three-year Term)

E. I. Connor, Wilcox & Co.; E. M. Williamson, Thomas Marsalis & Co.

Member of the Board of Governors (Class "B")
(Two-year Term)

Charles E. Judson, C. E. Judson & Co.

Member of the Board of Governors (Class "B")
(One-year Term)

Benjamin B. McAlpin, Jr., Laird & Co.

Trustee of the Gratuity Fund
(One-year Term)

George Herrel, Wagner, Stott & Co.

*Class "A" Governors, of which there are 15, are regular members of the Exchange.

**Class "B" Governors, of which there are 12, are associate member partners or non-member partners of regular or associate member firms doing business for the public.

RR Issues Look Good

According to B. W. Pizzini & Co., 52 Broadway, New York City, specialists in railroad securities, the 9% stock of Atlanta & Charlotte Air Line Railway and the 4% stock of Beach Creek Railroad are particularly attractive at current levels. The situation in these two issues is discussed in the B. W. Pizzini & Co. "Guaranteed Stock Quotations" for February which also contains prices and other interesting data on guaranteed stocks of railroads throughout the nation. Copies of the "Quotations" may be had from the firm upon request.

UTILITY PREFERREDS

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PERSONNEL ITEMS

If you contemplate making additions to your personnel, please send in particulars to the Editor of the Financial Chronicle for publication in this column.

(Special to The Financial Chronicle)

BOSTON, MASS. — **Lillian Thomas Frost** has become associated with **Clyde F. Frost Co.,** 10 Post Office Square.

(Special to The Financial Chronicle)

BOSTON, MASS. — **George C. Adams** has been added to the staff of **Trust Funds, Inc.,** 89 Broad St.

(Special to The Financial Chronicle)

BRIDGEPORT, CONN.—**Frederick J. Hilton** has become associated with **First Investors Shares Corp.,** whose main office is located in the Graybar Building, New York City.

(Special to The Financial Chronicle)

CHICAGO, ILL. — **Wiley W. Glass,** for many years associated with Knight, Dickinson & Co. and its predecessors, has become affiliated with **Blyth & Co., Inc.,** 135 South La Salle St.

(Special to The Financial Chronicle)

CHICAGO, ILL. — **Frank E. Wanamaker** has joined the staff of **Benjamin Lewis & Co.,** 135 South La Salle St.

CHICAGO, ILL. — Announcement is made by **The Illinois Company of Chicago,** 231 South La Salle St., that **Stephen J. Frawley,** formerly with Knight, Dickinson & Co., has joined their sales organization. Mr. Frawley, a graduate of the University of Wisconsin, had been with Knight, Dickinson & Co., and its predecessor organization, Nichols, Terry & Dickinson, since the organization of the last named in 1930.

(Special to The Financial Chronicle)

EAU CLAIRE, WIS.—**Austin T. Ryan** is now affiliated with **Bingham, Sheldon & Co.,** whose main office is located at 735 North Water St., Milwaukee, Wis. Mr. Ryan was previously connected with Knight, Dickinson & Co. of Chicago and its predecessors for many years.

(Special to The Financial Chronicle)

FT. WAYNE, IND.—**Carl E. Schnee has** become connected with **Merrill Lynch, Pierce, Fenner & Beane,** Old First Bank Building. Mr. Schnee was previously with Central Securities Corporation.

(Special to The Financial Chronicle)

HARTFORD, CONN.—**Roswell Moore** is now associated with **Eddy Bros. & Co.,** 33 Lewis St.

(Special to The Financial Chronicle)

HARTFORD, CONN.—**Willard A. Snow, Jr.,** has joined the staff of **Lee Higginson Corp.,** 36 Pearl St. Mr. Snow was formerly with Paine, Webber & Co., Lazard Freres & Co., and Stone & Webster and Blodget.

(Special to The Financial Chronicle)

HARTFORD, CONN.—**Cedric R. Boardman,** formerly with C. S. Bissell & Co., has become connected with **Merrill & Co.,** 36 Pearl St.

(Special to The Financial Chronicle)

LONG BEACH, CALIF.—**Ruth E. Tay** is now with **Protected Investors of America,** whose main office is in the Russ Building, San Francisco. Miss Tay was previously with Morrison Bond Co.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—**Kenneth H. Thompson** has become affiliated with **G. Brashears & Company,** 510 South Spring Street.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF. — **E. Bruce Jensen** and **Alexander Leitch,** previously with M. H. Lewis & Co., have been added to the staff of **Fewel, Marache & Co.,** 453 South Spring Street.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—**Lester J. Washburn,** previously with Morrison Bond Co., is now with **Protected Investors of America,** whose main office is in the Russ Building, San Francisco.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—**W. D. Thompson** is now with **Franklin Wulff & Co., Inc.,** Bank of America Building.

(Special to The Financial Chronicle)

OAKLAND, CALIF. — **Arthur J. McHenry,** formerly with Dean Witter & Co. and Wm. Cavalier & Co., is associated with **Davies & Co.,** Russ Building, San Francisco.

(Special to The Financial Chronicle)

PORTLAND, MAINE — **Robert D. Eastman** has joined the staff of **Chas. A. Day & Co., Inc.,** Sears Building, Boston, Mass.

(Special to The Financial Chronicle)

ST. LOUIS, MO. — **Robert W. Maysack** is now with **Reinholdt & Gardner,** 400 Locust Street.

(Special to The Financial Chronicle)

SAN FRANCISCO, CALIF.—**H. K. Andreasen,** formerly with Guardian Securities Corporation, Ltd., has become associated with **Franklin Wulff & Co., Inc.,** Russ Building.

(Special to The Financial Chronicle)

SAN FRANCISCO, CALIF. — **Arthur Fuller** is now connected with **Wulff-Hansen & Co.,** Russ Building. Mr. Fuller was previously with Revel Miller & Co.

(Special to The Financial Chronicle)

SANTA ANA, CALIF. — **Randolph Roland** is now with **Franlin Wulff & Co., Inc.,** Spurgeon Building.

(Special to The Financial Chronicle)

SPRINGFIELD, MASS.—**Bertrand H. Thompson** has joined the staff of **Tifft Brothers,** 1387 Main Street. Mr. Thompson was previously with Bond & Goodwin, Inc., Thomson & McKinnon and Clark, Childs & Keech.

(Special to The Financial Chronicle)

TAMPA, FLA. — **Edna L. O'Harra** has become associated with **Bedford Securities Corporation,** 505 Twiggs Street. Miss O'Harra was formerly in business for herself in Cincinnati, Ohio, and New York City.

(Special to The Financial Chronicle)

WAUSAU, WIS.—**Arthur E. A. Mueller,** for many years with Northern Wisconsin Securities Co., has become connected with **A. C. Allyn & Co.,** 100 West Monroe Street, Chicago, which maintains a branch office in Milwaukee in the First Wisconsin National Bank Building.

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Tomorrow's Markets Walter Whyte Says—

Price decline again places market in critical position. Foreign and domestic news partly responsible. "Stops" should not be ignored.

By WALTER WHYTE

So it happened again. For more than two weeks this column has been telling you that the market didn't look good, and for two weeks the market did nothing or it went up. Anyway the rails did. So last week I decided I was wrong. I even suggested buying a couple of stocks. But it seems that no sooner did I come out with this world shaking intelligence than the market, as if to prove what a keen observer I am, began turning down. I wasn't happy sitting way out on a limb. I had to crawl back. So I got caught on a branch and cannot move either forward or back. If I move forward, the branch may break; if backward, I'll rip my pants. It's a case of I'll be damned if I do and damned if I don't.

* * *

One of the banes of this business of buying and selling them, for what we hope will be profits, is the ever present danger of being whipsawed. That is just where I am now. If I turn bearish now, the market may go up and leave me with nothing

(Continued on page 660)

SEC Registration Revoked

The SEC, denying the application of Polk-Peterson Corp. of Des Moines, Iowa, to withdraw its registration as broker-dealer, revoked the registration and expelled the corporation from membership in the National Association of Securities Dealers, Inc.

The SEC charged that the corporation had, at a time when it had no net capital employed in its business as a broker, owed substantial sums to various customers, banks and other brokers, and had caused the sale of securities held by an investment company controlled by it and had borrowed the proceeds on notes collateralized by stock of the corporation which was insolvent.

Gets Suspended Sentence

ST. PAUL, MINN.—A suspended sentence and a fine of $500 was given David Golden, a former SEC investigator, on charges of offering for sale unregistered securities. Mr. Golden's counsel indicated he would probably appeal.

Defaulted RR Bond Index

The defaulted railroad bond index of Pflugfelder, Bampton & Rust, 61 Broadway, New York City, shows the following range for Jan. 1, 1939, to date: High—36⅝, low—14¾, last—34⅝.

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N. Y. Stock Exchange Weekly Firm Changes

The New York Stock Exchange has announced the following weekly firm changes:

John L. Loeb, general partner in Carl M. Loeb, Rhoades & Co., New York City, became a special partner in the firm as of Jan. 1.

The main office of Matheson & Lauro will be at 11 Wall Street, New York City, effective Feb. 9th, the office in Miami, Florida, becoming a branch in charge of a resident partner.

James M. Kerr, Jr., member of the Exchange, and a partner in Kerr & Armstrong, New York City, died on Jan. 31st

William M. Newsom, partner in Lawrence Turnure & Co., New York City, died on Feb. 1st.

Glenn G. Munn and Francis W. Wheeler retired from partnership in Paine, Webber & Co. on Jan. 29th. William S. Markle, partner in Paine, Webber & Co., with headquarters in Detroit, Michigan, died on Jan. 29th, on which date his interest in the firm ceased.

Alden C. Towne, partner in Elmer H. Bright & Co., Boston, Mass., died on Jan. 30th, his interest in the firm ceasing as of that date.

Interest of Saunders Hobson, deceased, in Davenport & Co., Richmond, Va., ceased, effective Jan. 29th.

Interest of W. David Owen, deceased, in Hornblower & Weeks, ceased as of Jan. 31st.

Interest of Peter McDonnell, deceased, in McDonnell & Co., New York City, ceased as of Jan. 24th.

Edward Therieau Now With Bankamerica Co.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—Edward F. Therieau has become associated with Bankamerica Company, 650 South Spring Street. Mr. Therieau was formerly manager of the trading department for Barbour, Smith & Co., and prior thereto was proprietor of Therieau & Co. and was a partner in O'Neil & Co.

W. C. McGuckin With Graham, Parsons Co.

(Special to The Financial Chronicle)

BOSTON, MASS. — William Criss McGuckin is now connected with Graham, Parsons & Co., 10 Post Office Square. Mr. McGuckin was formerly a partner in Williams and Southgate, which recently merged with Graham, Parsons & Co.

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RAILROAD REORGANIZATION SECURITIES

RAILROAD SECURITIES

The outstanding performance of Western Pacific (in process of reorganization under Section 77) from a traffic and earnings standpoint has been directing increasing attention toward the 1st Mortgage 5s, 1946. On relatively heavy volume these bonds have recently advanced close to the 1941 high and are selling almost 100% above last year's low. One reason for the renewed speculative interest in the bonds has been the growing belief that if the plan of reorganization has to be reopened by the Commission the bonds will almost certainly receive either a substantial cash payment for back interest or materially better treatment in a revised reorganization proposal, and perhaps both. Thus the possibility of further delay in consummation of a reorganization holds ample compensation. The Western Pacific reorganization was the first to be turned back by an appeals court on the basis of inadequate valuation data and this decision will now be appealed to the Supreme Court.

Under the ICC plan of reorganization, the first mortgage 5s are not to receive any allotment of new fixed interest debt. Aside from equipments the only fixed debt would be $10,000,000 of 1st 4s which are allotted to the outstanding trustee's certificates on a par for par basis. The 1st mortgage 5s are to receive $400 in new income 4½s, $600 in 5% preferred and 4.67 shares of common for each $1,000 bond and accumulated interest to Jan. 1, 1939, the effective date of the plan. Under this plan holders of the present 1st 5s would receive more than 90% of the new income bonds and new preferred, and about 72% of the new common. The balance of the new securities would be distributed among the RFC, the RCC and the A. C. James Company.

Even aside from the phenomenal earnings rebound, the position of the 1st mortgage 5s has been enhanced materially by the rapid accumulation of large excess cash reserves. Cash and special deposits as of Nov. 30 aggregated $9,357,000, or approximately two-thirds higher than a year ago, and it is believed that this was increased in December. Even under stress of the present heavy traffic the road needs a working balance of less than $2,000,000 cash. There is an excess cash balance of some $7,500,000.

The company last summer requested court authority to use $5,000,000 of the cash to retire half of the trustee's certificates, but the petition was denied by both the District Court and the Circuit Court of Appeals. It was held that the cash belonged to the old 1st mortgage bondholders as earnings on their new securities, to be distributed on consummation of the plan. Accumulated earnings on securities (exclusive of new common) to be received by holders of the old 1st mortgage 5s are indicated at $90 per bond as of the end of 1941. This is equivalent to approximately one-third of the present market value. Payment of accumulations on the new income bonds and preferred stock would involve an outlay of less than $4,800,000, and still leave a substantial excess cash balance.

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If the plan is remanded to the ICC, and changes are made therein, it is possible that cash would then be used for payment of trustee's certificates. On that basis it would be possible, without increasing the proposed fixed debt of the new company, to allocate at least 20% of new 1st mortgage bonds to holders of the old 1st 5s. Either angle holds interesting price potentialities.

Augmenting the possibility of highly favorable reorganization developments, the road has turned in the best operating performance of any of the Class I roads commanding any degree of public interest. As early as 1940 revenues pushed above the 1929 boom levels, and there was a further rise of 37.5% in gross last year. Moreover, in the current year to date traffic has been running more than 50% above the like 1941 weeks and there are no indications of a let-down. In part, this performance has naturally been due to war considerations, such as establishment of army camps, etc., in the service area, and to this extent is temporary. Nevertheless, there is ample evidence found in pre-war traffic performance of important basic improvement in the company's status.

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There has been a notable increase in industrial activity in the west coast area in recent years and this has been stimulated by the war. A large proportion of these new plants will hardlly be abandoned in a peace economy. In this connection, the sharp expansion in steel mill capacity at Provo, Utah, now under construction, is significant. The mills are not on Western Pacific lines but it is expected that a large share of the westward movement of finished goods will be over these lines. This may be considered as a permanent accretion to the road's economy. Other factors have been the construction of an extension in California to a connection with Great Northern and the completion some years ago of the Denver's Dotsero Cut-off. Comprehensive rehabilitation work done on Western Pacific's lines has put the properties in shape now to benefit in full from these competitive improvements. These considerations may also be considered permanent factors.

As a measure of the conservative nature of the proposed reorganization, and an indication of the potential earning power of the new securities, fixed charges were proposed at $494,000 per annum. In comparison, average earnings available for charges in the 1931-1940 period amounted to $1,233,000. It is indicated that there was $4,464,000 available last year, equivalent, without tax adjustment, to more than $2.80 a share on the proposed new common.

Irving Passarino Joins Wheaton & Roberts Staff

(Special to The Financial Chronicle)

SAN DIEGO, CALIF.—Irving Passarino has become associated with the firm of Wheaton and Roberts, Bank of America Building. Mr. Passarino was formerly local manager for Fox, Castera & Co. and prior thereto served in the same capacity for H. R. Baker & Co.

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L. A. Gibbs, Manager Trading Department)

Bank and Insurance Stocks

This Week — Bank Stocks

One of the most satisfactory banking trends for stockholders and investors who wish to be kept well informed is the trend among the larger banks toward more complete reports of earnings.

Possibly stimulated by New York State Banking Superintendent White's suggestion that banks should furnish stockholders more operating data, two "old-line" New York institutions have published for the first time detailed income account data. Another trust company, although having a small number of stockholders, has also furnished the statistical services with comparative income account for the first time.

The number of leading New York institutions publishing complete income account has thus risen to eight, while the other eight of the 16 weekly reporting Federal Reserve member banks have also shown a disposition to issue more complete earnings information, although they do not furnish gross earnings or sources of gross and types of expenses to stockholders. All of these banks, of course, furnish the Federal Reserve with detailed half-yearly and yearly income statistics, but regrettably these figures are published only in the aggregate for the 16 banks and are not made available to stockholders by the individual banks.

Why should earnings data be important? From an accounting point of view, a statement of condition alone is only a "still" picture as of a particular date of assets and liabilities in very condensed form. Figuring "indicated earnings" from statements of condition, by taking the net increase in capital funds and crediting dividends paid, is a very unsatisfactory method for stockholders to judge earning power, because of the wide differences in including security profits in net profits, building up of reserves from operating earnings, and treatment of recoveries from charge-offs. Frequently, such a method penalizes conservative banks.

At this particular time, when rising taxes and other costs are making stockholders uncertain about the future of dividends and causing them to ask bank management numerous questions, a most effective way of reassuring stockholders about ability to absorb rise in costs, promoting stockholder understanding of such problems and reducing the wasteful number of similar inquiries from numerous sources, would be to publish an income account. This information is all prepared and available—it is just a question of releasing it.

Some bankers feel that releasing gross earnings, for example, would be misleading to stockholders in particular cases where the very short-term policy on investments has reduced income from investments. But stockholders interested in such data are hardly likely to miss the point that gross earnings and operating ratio are at particular levels because of this extra-conservatism on maturities.

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Other bankers feel that figures do not mean anything—it is management that counts. Unfortunately, the 1929-1932 deflation shows that buying management on "sight unseen" is not always reliable. Good management reflects itself in good figures; granting that the intangible of management is most important, there should be no objection to releasing figures that will confirm the quality of management.

In the days before the numerous capital increases, reductions in par values, mergers, and consequent growth in lists of stockholders of the late '20s, bankers could well justify the statement of condition as enough information for the public because the banks were mostly owned by a relatively few large holders who could be given detailed information confidentially upon the asking. Then, too, "indicated earnings" method of calculating earnings was probably more reflective of true earnings because of the minor portion of earning assets in investments and more "normal" charge-offs and recoveries.

Today, however, the large number of stockholders and the more complex disposition of operating earnings appear to justify fully the publication of the income account. It is to be hoped that other leading banks will see fit to do so in 1942.

The eight banks which have published gross and net operating earnings indicate total 1941 gross of $92.8 million, compared with operating expenses of $52.7 million, or a rather thrifty operating ratio of only 56.7%. The seven for which comparable 1940 data are available show a gain of $4,950,000, or 7% in gross earnings for 1941, a modest improvement considering the general 18% upturn in earnings assets. However, all of the seven participated in the upturn in gross, with increases ranging from 1% to 11%.

Operating expenses, however, rose at a somewhat faster pace, an increase of $4.095.000, or 10%. The rise in expenses was also general, ranging from 3% to 15%. This led to more mixed results on net operating earnings — although four banks showed gains in net operating earnings of 1% to 13%, three showed declines ranging from 0.3% to 5%. The seven as a group, however, showed an $885,000 (3%) gain in net operating earnings, which meant that 18% of the year's gain in gross was brought down to net. This is a smaller proportion than the operating ratio would allow and of course reflects the rising tendency in expenses, especially taxes.

For 1942, this upward trend in expenses is continuing but the banks could meet it by increasing gross further through carrying larger volume of Government securities. Larger Governments appear necessary, to cover increased expenses, offset possibly decreased loans and help finance the war effort. War financing might indeed mean lengthened maturities and consequently better investment earnings for the extra-conservative "short-term" banks. However, with money rates probably continuing low, it will continue to take a large amount of volume to produce a given earnings improvement after higher taxes, so that size of capital funds would ordinarily tend to set a limit on volume expansion.

Comparative gross earnings, operating expenses, net operating earnings and operating ratio of the banks above referred to, follow:

		Gross Earnings	Operating Expenses	Net Operating Earnings	Operating Ratio (Expenses to Gross)
Bankers Trust	1941	$19,468,000	$11,501,000	$7,967,000	59.1%
	1940	18,559,000	10,160,000	8,399,000	54.7
Chemical	1941	12,563,000	7,355,000	5,208,000	58.5
Commercial Nat'l	1941	2,424,000	1,654,000	769,000	68.3
	1940	2,223,000	1,461,000	762,000	65.8
First Nat'l	1941	15,241,000	4,445,000	10,795,000	29.2
	1940	13,761,000	3,866,000	9,895,000	28.1
Irving Trust	1941	10,748,000	7,247,000	3,501,000	67.4
	1940	9,688,000	6,588,000	3,100,000	68.0
Manufacturers Tr.	1941	20,833,000	13,515,000	7,318,000	64.9
	1940	19,793,000	12,454,000	7,338,000	62.9
New York Trust	1941	7,220,000	4,539,000	2,680,000	62.9
	1940	7,114,000	4,354,000	2,760,000	61.2
U. S. Trust	1941	4,307,000	2,411,000	1,895,000	56.0
	1940	4,153,000	2,336,000	1,787,000	56.2

JOTTINGS

(Continued from page 651)

market; by opening or closing the ration valve Washington can influence price without resort to the new Act.

Subsidies black out another part of the free price structure. Copper can be held nominally at 12 cents though some producers may be getting 17; farmers may get some of their "parity price" through bounties and subsidies instead of in the open market.

Subsidies to **consumers**, like those hidden in the pre-war "food stamp" distribution, are growing, and come out of the Treasury.

In fact, the free price system is thus, at least for the duration, fast disintegrating into two-priced, multi-priced, subsidized, or artificially restricted or stimulated markets and the function of price is being taken over by fancy Government bookkeeping.

Suppose, for instance, that the CCC sells some of its cotton to the Army, which has it fabricated by a textile mill while retaining ownership, and then uses up the product in battle. What difference does the price make?

Price-control may soon turn out to be little more than a prelude to rationing. Certainly already it is a tip-off to it, and if rationing has not heretofore followed price control it has been largely because Washington has been slow and unprepared to ration.

The real unplugged loophole in the Price Control Act is not in farm prices but in the wages of labor; for there is still a surplus, though a shrinking one, of farm products, but not of labor. The War Labor Board is, in effect, the price control authority for labor but it has yet to impose any ceilings.

There's still conflict in Washington for Donald Nelson to straighten out. For instance those half-dozen agencies with a finger in sugar. At least five agencies have a finger in labor matters—NLRB, Wage & Hour Division; Conciliation Service; War Labor Board, and the Labor Division of WPB. And price control is two-headed — though that's hardly Nelson's problem. Contrariwise Eastman's Transportation Board and the ICC seem to be doing an efficient, fast, cooperative job.

Don't think because you live in New York or Chicago where there's electric power to burn that you won't see power curbs. Those generators are movable, and they'll move. A much dimmer Times Square will probably be the first result, as the big signs go out for the duration. Upright electric display signs also contain a good deal of high-grade metal.

North American's Union Electric may soon be on the market. It is the biggest operating company in the Mississippi Valley and an exceedingly well-run company, thanks in considerable part to North American, whose latest move has been to clean house and put in a new President, Wesley McAfee, who looks likely to bring a much-needed improvement in its public relations. A fair thumb-hand figure on last year's earnings is $3 a share. And it serves a city, St. Louis, which has the coal, water, labor and—most important—inland position for a vast increase in war plants.

Censorship begins to bind. More and more manufacturers stop talking about their business—including their production achievements. The sunlight of the "full-disclosure" provisions of the '33 Act is gradually going behind the clouds of censorship. An industrialist whom you know recently said too much at a press conference and some of the stuff had to be yanked out of the press forms after the first editions.

Miscellaneous. . . . John Fleek himself seems to be responsible in good part for the more friendly attitude of the Treasury toward investment bankers. . . . American Airlines had to advertise to offset the impression that was getting round of seat-shortages. Some people weren't even bothering to try to get flight-transportation when actually there was plenty. . . . The container companies won't be hurt by the radical simplification in containers to civilians; they'll get more than an offset in container orders from the services. . . . Just as the utilities may suffer by transfer of power from residential to industrial use so the oils may suffer by loss of gasoline business and change in cracking ratios to lower-priced fuels for diesels and heaters. . . . It looks as though economics is about to change from a branch of metaphysics to what might be called a "moral science."

Interested In Sugar?

An analysis of the Amalgamated Sugar Company prepared by Edward L. Burton & Company, 160 South Main Street, Salt Lake City, Utah, has just come off the press. Burton Company will send copies of this analysis or an analysis of the Utah-Idaho Sugar Company upon request.

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Fla. Bonds Attractive

Florida municipal bonds seem particularly attractive at current prices, according to a memorandum just issued by Allen & Co., 30 Broad Street, New York City, since the stagnant condition of the Florida bond market has created an unwarranted falling off in prices. Copies of the memorandum, discussing in some detail many favorable points in the situation, may be had upon request from the firm.

Allen & Co. 20 Years Old

Allen & Co., 30 Broad Street, New York City, over-the-counter security dealers, are celebrating the 20th anniversary of the founding of the firm.

Oppose Treasury Plan To Tax Tax-Exempts

The New York State Chamber of Commerce unanimously approved on Feb. 5 a report of its Committee on Taxation criticizing the attempt to tax outstanding tax-exempt bonds as "an act of bad faith" which, said the report, if successful, would be an act of dishonor which would impair confidence in the pledges of the Government. It also took exception to "the method" of the present attempt to tax future State and municipal issues. The report asserted that "if so drastic a change as this is to come in our form of government, it should come only through a constitutional amendment, duly submitted to the people and adopted by them. It should not come by Administration ukase nor by the U. S. Supreme Court reversal of settled law." The report deprecated "the false cry" that tax-exempt bonds were a "haven for rich men" when the fact was that Treasury records disclosed that only 5% of the estates of wealthy decedents for 10 years have been invested in State and municipal securities.

Commenting upon the "startling declaration" of Secretary Morgenthau on Jan. 24 (referred to in our Feb. 5 issue, page 573) that "it is high time . . . in my opinion to tax the income of State and municipal securities—not only the income from future issues, but also the income from those issues now outstanding," the report said:

> Up to the present juncture the Chamber has proceeded on the assumption that every American could rely on the repeated assurances both from the Treasury and the President of the United States that it would be immoral to tax outstanding Federal, State or municipal bonds issued and bought in good faith upon the understanding of the Treasury and investors generally, that under existing law they were tax-exempt.

Pointing out that Secretary Morgenthau in his statement mentioned only State and municipal securities, the report asked: "Does the Secretary of the Treasury mean that outstanding United States Treasury tax-exempts are not to be taxed? If so, then what becomes of his argument that such bonds are 'a haven for rich men'?" The Federal Government will have to tax these bonds to destroy the so-called "haven," or else U. S. Government bonds will be privileged over State and municipal, the report said. The report further said:

> The Treasury Department recognizes that up to the present time all State and municipal bonds have been regarded as immune from Federal taxation. Millions of dollars of these securities have been purchased in reliance upon the court's rulings, the Treasury's rulings and the assurances of the Government that outstanding securities would not be taxed. We have been lulled into sleep in believing that the matter was one merely involving future issues and that the power to do this was pending in the courts.

The report was signed by William J. Schieffelin, Jr., as Chairman, and George W. Bovenizer, Charles B. Couchman, Cleveland E. Dodge, Peter Grimm, Otto E. Reimer and Harold S. Sutton.

Hoysradt Recuperating

Warren J. Hoysradt, Vice-President of First of Michigan Corporation, with headquarters at their office at 1 Wall Street, New York City, is in the Lawrence Hospital, Bronxville, N. Y., convalescing from an attack of pneumonia.

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THE BOND SELECTOR

CARRIER CORPORATION CONV. 4½s, 1948

Company's Attempt to Revise Sinking Fund Provisions of Interest to Bondholders

Carrier Corporation is the leading factor in the air conditioning industry. The company designs, fabricates and installs air conditioning systems, and manufactures refrigerating heating, air handling, humidification control and other apparatus and equipment relating to air conditioning and to industrial and commercial refrigeration.

There are three principal markets for the company's equipment. The largest of these includes buildings, ships, stores, railroad cars, restaurants, theaters, hospitals, etc. The second embraces those industries whose manufacturing processes require, or are aided by control of temperature and humidity — these include rubber, oil, textiles, pharmaceuticals, explosives, chemicals, bakery and other food products, tobacco, candy and chewing gum. The third market, which is really in its infancy, is the air conditioning of homes.

The residential market lends a distinct element of growth to the future of Carrier's operations. The company has introduced into this field direct-fired air conditioners, room coolers and other new equipment, in addition to its regular facilities for summer cooling and dehumidification. Other supplementary equipment manufactured includes oil and gas burners, bituminous and anthracite stokers, boilers, room ventilators and humidifiers. Carrier manufactures all the air conditioning and refrigerating equipment for Safety Car Heating & Lighting Co., which is installed in railway passenger cars.

The National Defense Program and more recently the country's all-out war effort has done a great deal to increase the demand for Carrier's equipment. Chief uses for its air conditioning items, insofar as Government needs are concerned, are naval and merchant ships, army cantonments, air bases, aviation plants and other factories working on war orders.

During 1941, the company's fiscal year was changed from one ending Dec. 31 to Oct. 31. Consequently operations reported for the 1941 fiscal year represent only 10 months' activities. Completed contracts and net sales for that period totaled $14,884,000, compared with $13,047,000 for the full 12 months of 1940. Sales in the calendar year 1941 were at a level somewhat in excess of those of 1937, the largest in the company's history. Income available for fixed charges in the 10 months of 1941 of $1,266,000 was by far the largest and well exceeded the $880,000 in the full 1940 year by a good margin. Fixed charges were earned 13.49 times in the 1941 period, compared with 6.74 times in 1940.

Despite the high level of sales and satisfactory showing of interest coverage before taxes, the company apparently is experiencing a severe cash drain due to the necessity of maintaining substantial inventories in addition to providing for a large increase in taxes. In 1940, the Federal tax bill amounted to $186,668 and an additional $50,000 was charged against earnings as a reserve in case the Government claimed that excess profits taxes were payable; the company then stated it would contest any such claim. For the 10 months of 1941 covering the new fiscal year, Federal taxes charged against earnings jumped to $609,000. Whereas cash stood at $515,639 at the end of 1940, it had shrunk to $332,837 at Oct. 31, 1941. During the same period inventories increased from $2,396,000 to $4,897,000, and the reserve for taxes jumped from $329,000 to $893,000. Since the balance sheet was published at Oct. 31, 1941, the company has been forced to borrow $500,000 from banks and states that additional borrowings would be necessary shortly.

Taxes and increasing investment in inventories, however, are not the only reasons the company finds itself in a tight cash position. Coupled with these two factors, neither of which can be controlled at will, is another uncontrollable cash drain: the sinking fund requirements on the company's sole outstanding funded debt, the convertible 4½s, 1948, which were issued late in 1938. The indenture of these debentures provides that Carrier pay into the sinking fund each month $5,000 for purchase and/or retirement; and in addition the company is obligated on or before the first of June each year to pay into the sinking fund "20% of consolidated net earnings for the preceding fiscal year." These consolidated net earnings are **before** income taxes. In the 1941 fiscal year, consolidated earnings before taxes, but after all other charges, including interest, amounted to roundly $1,125,000. Conforming to the sinking fund requirements, then, Carrier is obligated to pay in 1942 $60,000 plus $225,000, the latter representing 20% of last year's consolidated net earnings before taxes. This totals to $285,000, or close to 14% of the principal amount of debentures outstanding at Oct. 31, 1941.

Since the company feels that this combination of taxes, inventory needs and sinking fund requirements is "unbearable," it is calling a meeting of stockholders on Feb. 24 to vote on a change in the sinking fund provisions of the indenture. According to latest reports, the company will suggest that the sinking fund receive $60,000 annually **or** 20% of net earnings **after** all taxes, whichever is higher. In the 1941 fiscal year, 20% of net income would have amounted to about $103,000. This change would result in a considerable saving to the company during the current trying period and, in the final analysis, might be the best course to take as far as the debenture holders are concerned since their position is not being bettered so long as cash is continually being depleted and the company has to take recourse in constantly larger bank loans. Carrier intends to make some sort of inducement to the debenture holders through an offer of cash and/or serial notes, and/or common shares in such amounts as the directors may authorize.

Traded over the counter, the debentures are currently quoted around 94¾-95¼.

Investment Trusts

Market of Stocks

(Reprinted from "Bulletin," Feb. 5, 1942, published by Calvin Bullock, sponsors of Dividend Shares and other investment companies.)

In the six months ended Jan. 31, 1942 the price of one of the leading "investment stocks" (American Telephone) listed on the New York Stock Exchange declined more than 40 points, or 24%. Another "investment favorite" (du Pont) declined 22%; still another (Standard Oil of New Jersey) advanced 15%. These substantial fluctuations in three issues which have long been considered outside the speculative category serve to emphasize the problems of selection which confront investors today. Nor are these exceptions to the rule. A survey of market quotations of so-called "blue chips" on July 31, 1941 and January 31, 1942 reveals some startling changes.

It used to be supposed that an investor who could correctly predict the course of the general market could buy or sell leading stocks with reasonable assurance that his results would be as good as the average. That was always a dangerous assumption. Today, however, it is especially risky. The special problems stemming directly or indirectly from our war effort have transformed the stock market into a "market of stocks."

Even with the ability and the facilities for making individual selections with the greatest care, and even granted the time and facilities necessary to watch them constantly, there are no assurances of success. This procedure, however, minimizes some of the risks and, if combined with adequate diversification, it does provide a program which should result in greater stability as to principal and as to income return.

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These features of diversification and constant supervision are basic principles of well-managed investment companies. In times such as these, the soundness of these principles becomes increasingly apparent to conservative investors.

To illustrate the point further, the following tabulation has been prepared to show the market contrast in the quotations for stocks of 10 leading companies in 10 different industries from the time of Dunkirk in 1940, when market averages reached their lows for that year, to the end of January, 1942. In this period, the Dow Jones Composite Average shows but a small net change, the Industrial Average a decline of 2.4% and the offering price of Dividend Shares a rise of 7.1%. By contrast, note the extreme divergence in quotations for the 10 typical stocks:

CHANGE IN MARKET QUOTATIONS
June 10, 1940 Low to January 31, 1942

		Low June 10, 1940	Close Jan. 31, 1942	% Change
American Telephone		147½	127⅜	—13.6%
Anaconda		19½	27	+38.4
Consolidated Edison		23½	13½	—42.5
du Pont		146½	127	—13.3
General Electric		28½	27⅛	— 4.8
Montgomery Ward		33½	28⅛	—16.0
Pennsylvania RR.		16	23¾	+48.4
Standard Oil (N. J.)		32¼	39⅞	+23.6
United Aircraft		39¾	31	—22.0
U. S. Steel		43⅛	52½	+21.7
Dow Jones Averages	Industrial	111.84	109.11	— 2.4
	Composite	37.15	37.38	+ 0.6
Dividend Shares		.98	1.05	+ 7.1

The fact that all of the foregoing stocks have been in the portfolio of Dividend Shares during all or part of the period studied serves to underscore the

(Continued on page 657)

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Municipal News & Notes

The interest bill of the nation's States and municipalities will ultimately be raised $175,000,000 if the Treasury succeeds in taxing their bonds, Julius Henry Cohen, general counsel of the Port of New York authority, warned on Monday.

New York City's interest would be $22,000,000 higher, or $1.30 on each $1,000 of taxable real estate, while the rise for the state would be $45,000,000, Mr. Cohen said.

Mr. Cohen charged that the Treasury would first seek to tax only future issues in the hope of getting a suit into the Supreme Court, which, he said, would then hand down a ruling that would make past issues taxable, too.

He described the court as "nine fountain pens all usable by a single hand."

"Once more the Treasury Department has added to proof that the purpose of its leaders is to concentrate all borrowing power in Washington to make the Treasury in all aspects dominant over the states and municipalities," he said. "If it succeeds we shall see the end of local self-government and of state government. Washington will have more 'parasites' lobbying for states and cities."

Governors Score Efforts to End Tax Exempts Bonds

The Conference on State Defense has announced that Governors Leon C. Phillips of Oklahoma, H. H. Adkins of Arkansas, Paul B. Johnson of Mississippi and Sam H. Jones of Louisiana joined in sending a telegram to the Senate Finance Committee and House Ways and Means Committee condemning the proposal of the Federal Government to tax State and municipal bonds.

The text of the Governors' telegram read:

"Vigorously oppose proposal of Federal Government to tax State and municipal bonds. Measure is unsound financially and unconstitutional."

The conference announced also that four New England Governors had expressed their opposition to the representatives in Congress from their state.

It is understood that in addition the Governors of other states throughout the Midwest and West have taken similar action.

Municipal Bond Tax Proposal Assailed

The attempt to levy against outstanding tax-exempt municipal securities was described last week by the Committee on Taxation of the New York State Chamber of Commerce as "an act of bad faith." The committee also took except to "the method" of the present attempt to tax future State and municipal issues.

The committee's report declared that "if so drastic a change as this is to come to our form of Government, it should come only through a constitutional amendment duly submitted to the people and adopted by them. It should not come by Administration ukase, nor by the United States Supreme Court reversal of settled law."

Pointing to the fact that Treasury records disclosed that only 5% of the estates of wealthy decedents for ten years had been invested in State and municipal securities, the report termed statements that tax-exempt bonds were a "haven for rich men" as "false cries which foster prejudice and are merely intended as a cover for centralizing financial power in Washington, and relegating the State and municipalities to the function of mere instrumentalities of the Federal Government."

Tax Exempt Housing Bonds Attract Notice

Housing authority bonds now are receiving further attention in municipal circles as a result of the questioning of the status of all classes of obligations exempt from Federal income taxes. The inquiries were touched off by the recent speech of Henry Morgenthou, Jr., Secretary of the Treasury.

Obligations of local housing authorities, followers of these issues point out, are in a different position than municipal and state issues as far as tax exemption is concerned.

All local housing authority bonds and interest from them are specified as exempt from all taxation "now or hereafter imposed by the United States" by the Federal Housing Act of 1937. To change this provision would contradict the purpose of the Act which was to provide low-cost housing, an end which is aided by low-cost borrowing through issuing tax-exempt securities, it is pointed out.

Federal tax exemption of housing bonds, it is also noted, does not depend on interpretations of the Federal Revenue Act and includes exemption from Federal surtaxes.

The South Produces For War

The third anual survey of the South, published recently by the New York "Journal of Commerce," seeks to describe the vital role which the natural and human resources of the area are playing in the war. In doing so, the editors have naturally stressed the South's continuing progress toward the industralization and diversification which its leaders have sought for many years.

The picture drawn by these authoritative contributors is one of increasing recognition by industry of the opportunities afforded in the South. The outbreak of the war in 1939 found the area rounding out a decade of accelerating industrial growth.

1. About 48% of the nation's oil production and 36% of its oil refining capacity are within the borders of the South.
2. It produces about 50% of the country's bituminous coal.
3. It has the capacity to produce about 25% of the country's electric power.
4. The South has about 75% of the active cotton mill spindles of the country.
5. It produces about 60% of the natural gas.
6. It produces 100% of the domestic bauxite from which aluminum is made.
7. It produces 100% of the naval stores, 100% of the sulphur, 100% of the carbon black, 100% of the phosphate rock.

New Jersey Tax Collections Up

General improvement in the financial condition of New Jersey municipalities was noted Monday by Walter R. Darby, State Commissioner of Local Government, in a statement on municipal finances at the close of 1941.

Mr. Darby called particular attention to tax collections, which he said represented 83.34% of levies last year, in contrast to 80.15% in 1940, 78.08% in 1939, 73.99% in 1938 and 71.51% in 1937.

Exact comparisons of municipal assets and liabilities for 1941 and 1940 were impossible, Mr. Darby said, because thirty-two municipalities failed to file reports last year and fifty-nine failed to in 1940.

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The number of municipalities in default on obligations dropped from sixteen in 1940 to seven at the close of 1941, Mr. Darby reported.

Canadian Debt Surveyed

There is every indication from available figures that Canada's per capita debt at present is lower than in the United States and by the end of the current fiscal year the advantage will be definitely in the Dominion's favor, according to a booklet issued by the Dominion Securities Corp. It is observed that for many years the per capita debt of Canada was considerably higher than the United States, but that a tremendous change occurred between 1930 and 1940 with the result that the advantage to the United States dropped to only $30 and evidently this has now been also erased. During the depression the net direct and guaranteed debt of Canada increased 31% while that of the United States gained 175%.

Maryland Receives Many Bond Bids

Despite the fact that State and municipal bonds generally joined with other sections of the securities markets Tuesday in reflecting uneasiness over the war news, keen interest was displayed in new issue circles for the Maryland $522,000 offering. State officials received 18 bids and awarded the issue to Clark, Dodge & Co. of New York, on their bid of 100.45 for 1¼s. They were all sold privately by the succesful bidder so no public reoffering was made. It appears that buyers can always be found for worthwhile municipal flotations, notwithstanding war developments or threats from Washington.

Major Sales Scheduled

We list herewith the more important municipal offerings ($500,000 or over — short term issues excluded), which are to come up in the near future. The names of the successful bidder and the runner-up for the last previous issue sold are also appended.

Feb. 12th (Today)

$975,000 Sheffield, Ala.

These bonds had originally been scheduled for sale on Jan. 16, 1941, but the offering was rescinded and postponed. The most recent sale of bonds on record for this city took place in 1937.

Feb. 16th

$1,480,000 Hartford Co., Metro. Dist., Conn.

This district awarded bonds in July, 1941, to Glore, Forgan & Co. of New York. The second best bid was entered jointly by Shields & Co., and Kaiser & Co., both of New York.

Feb. 17th

$750,000 Alexandria, Va.

This sale had been scheduled originally for Jan. 26th but market conditions at that time made the city officials decide on postponement. Last sale of bonds took place in January, 1939.

Feb. 25th

$4,000,000 Tacoma, Wash.

This city awarded bonds last August to a syndicate headed by John Nuveen & Co. of Chicago, whose alternate bid was also second best of the number received. The Union Securities Corp. of New York, and associates, entered the next highest offer.

Feb. 28th

$526,000 Monroe, La.

This city has not negotiated any bond sales recently.

The Securities Salesman's Corner

REVERSE ENGLISH

Back in the days when the writer was exerting his strenuous efforts trying to become a first-string substitute on the village high school basketball team we made our first acquaintance with "Reverse English." We would run under the basket, make a sudden twist and simultaneously twirl the ball in an opposite direction of the basket. If properly accomplished, this was a sure shot and the ball would neatly plump squarely through the hoop.

The other evening we were discussing certain things that bond salesmen talk about, with a friend of ours, who is also in the securities business. In the course of conversation, he told us about how he put some "Reverse English" on his sales efforts in connection with one large account and thereby walked off with some very profitable business. We think it's worth retelling.

There was an account upon which he had been working for many years. It was very large, as individual accounts go. The individual in question was a busy executive who always had many important considerations and details upon his mind. In addition, this man had accumulated a considerable fortune, almost entirely by the dint of his own efforts. He was in the category we call self made. No doubt, this was one of the reasons why he had a very definite mind of his own on almost any and every subject—his investment portfolio included.

There was always a goodly number of securities salesmen who attempted to see this account but only a limited few had an entree into his office. Of the half dozen salesmen on the preferred list, our friend was only getting a fair share of the available business. No one firm or salesman seemed to have the inside track into his confidence.

Although this investor owned several hundred large blocks of stocks and bonds which aggregated several million dollars he would never allow anyone to attempt a thorough supervisory approach to this large portfolio. Our friend on several occasions tried to convince this investor that such a large number of different holdings should have more attention and care than the limited time, which the executive could spare from his other duties, for this purpose. Such being the way of human nature no amount of logic could persuade this investor to give up his hit or miss personal management of his portfolio. There are people in this world who say, "I made it myself and I can take care of it myself." This was such a case.

Finally our friend did what common sense would dictate. He gave up trying to convert this investor to his way of thinking and he set out on a plan to get as much of the available business from the account as he possibly could secure. After thinking over the whole problem he finally came upon this idea of "Reverse English." He reasoned that all of the various securities men, who were friendly to this investor were always trying to sell him something. He also realized that out of the large portfolio already held, that certain holdings would show definite weakness and from time to time they might be called to the attention of his client and the recommendation of their sale might be made. For about a year and a half he did nothing but recommend sales of different holdings in this portfolio. Meanwhile he made no recommendations for purchase during this time. He was very thorough and careful and the majority of his "sell" recommendations turned out exceptionally well. Finally the investor began to take notice that he was getting some very profitable advice. Then an opportunity arose. A certain block of stock owned by the investor, and which he had previously recommended as a sale, declined very sharply in price. Our friend picked up the telephone and reminded this very busy executive that if he had listened to his advice he would have been about $150,000 better off. He then told him that he had another suggestion to make which he thought would turn out to be as correct as the one he had just called to his attention and that he wanted to see him. Of course he got the interview.

That evening he left his client's office with an order that made up many times for the months of patient effort and work he had expended on this account. While riding home with the client and another friend, the investor turned to his friend and said, "You see this fellow; of all the brokers I know, he is the only one who doesn't always try to sell me something. Instead he's the only one of the bunch who always wants me to sell something."

It seems to us that our friend knew his investment business and he also knew his salesmanship. He realized that here was an account that could best be approached upon the basis of service and sound advice. He lifted himself out of the crowd—he wasn't just another bond salesman—he was the fellow who said "sell 'em!" Maybe we ought to call it "Double Reverse English." You can't beat a combination of sound advice plus clever salesmanship.

J. W. Clarke Financial Counsel For WHIP

CHICAGO, ILL. — John W. Clarke has been appointed financial counsel and adviser to Radio Station WHIP. In connection with his duties Mr. Clarke has been elected Vice-President and Treasurer of the Hammond-Calumet Broadcasting Corporation, which owns and operates this radio station.

WHIP is a 5,000-watt station, operating on a frequency of 1,520 kilocycles, with studios in Hammond, Indiana, and Chicago, Illinois. They now have under construction additional facilities to enable them to broadcast 24 hours a day and plan to make this the largest independent broadcasting station in the United States.

Mr. Clarke will continue to devote his full time to the operation of the general security business of John W. Clarke, Incorporated, 135 South La Salle Street.

NYSE Extends Privileges Of War Service Members

As a further extension of privileges to members of the New York Stock Exchange in war service, the Board of Governors last month amended the commission law of the Exchange so as to permit a firm whose member is in war service to share in the commissions on transactions executed on the Floor of the Exchange by another member or member firm. This amendment was recently extended to an individual member not a partner of a firm and the latest action is designed to grant to a member firm the same privilege. The amendment is being sent to the membership for balloting. Approval of this proposal for individual members was noted in these columns Jan. 8, page 113.

Our Reporter's Report

(Continued from First Page)

That issue has been on the fire now for some weeks and though scheduled for offering a while back has been held in abeyance because of market conditions.

Presumably bankers now feel, however, that the situation is such that the $27,500,000 of ten and fifteen-year debentures may be brought forward with assurance of success once the Treasury's business is finished.

Excess Reserves Watched

Investment interests naturally are inclined to keep a weather eye on the trend of banks' excess reserves in view of the steady and rather swift contraction which has been occurring in such balances.

Only little more than a year ago, on Jan. 1, 1940, such surplus reserves stood at $6,600,000,000 and total reserves at $14,000,000,000. Meanwhile, due partly to the boost in requirements, ordered by the Federal Reserve Board, the aggregate has slipped steadily until now with total reserves of member banks at $13,145,000,000, excess balances are down to around $3,300,000,000.

Member banks' loans have risen from $15,300,000,000 at the end of 1940 to $18,000,000,000 at the close of last year, while investments increased from $21,800,000,000 to $25,500,000,000.

In pursuing its avowed policy of keeping credit costs easy, the Reserve Board, it is argued, might be expected shortly to lower the reserve requirement rate.

Another Issue Delayed

One of the biggest deals in recent prospect, that of the Pennsylvania Electric Co., embracing $32,500,000 of thirty-year bonds and $3,400,000 of preferred stock, has been relegated to the indefinite stage, it develops now.

The company had been expected to call for bids to be opened next week. Then it developed that the business faced a delay until around the month-end.

Now, according to some of those identified with interested banking groups, it looks as though it may be held back until considerably further along in the Spring.

Iowa Southern Utilities

The revised financing for Iowa Southern Utilities, brought on the market yesterday in the shape of $5,000,000 of twenty-five year 4½s, was reported to be moving along in satisfactory manner.

Priced at 100 with a 2½ point selling commission, the issue naturally was attractive to dealers even though they recognized that the marketing would involve something more than a mere turning over.

The company had originally planned a total offering of $15,160,000 to include $10,000,000 of first mortgage 3½s. But the deal was revised to present proportions.

For Filing Away

Current defense bond financing is looked upon in banking circles as likely to yield returns in the way of new business after the war is over.

Investment bankers have their shoulder to the wheel in this phase of war financing and are confident that the net result will be the making of many new friends and potential future customers.

They recall the experiences of the first World War's Liberty Loan financing and how many of the buyers of those bonds subsequently developed into good general customers.

Investment Trusts

(Continued from page 655)

value of broad diversification as well as the difficulty of individual selection even by professional investment management. It also serves to indicate why those who have owned shares in diversified, management investment companies during recent years have stated frequently that such investments gave them more satisfaction with less wear and tear on nerves, time and pocketbooks than many other investments they have made.

While the foregoing discussion employs Dividend Shares as a matter of course for illustrative purposes, this department wishes to point out that Dividend Shares is not "the exception that proves the rule." It has been emphasized here again and again that the mutual investment companies taken singly or as a group are able regularly to achieve "average" results—something that can be said of only one stock in three, and probably of only an even smaller proportion of investors.

Though the investor has about one chance in three of picking a stock that does better than the "average," looked at the other way, the chances are two to one that the stock he picks will not do as well as the "average." If he picks an investment company issue he will get results closely resembling the "average" and he'll know that he has done better than two-thirds of the market.

* * *

Investment Company Briefs

An investment company and Defense Bonds

Lord, Abbett & Co.'s **Abstracts:** "The owner of shares in Affiliated Fund participates in a fund which invests in American industry.

"There are two reasons why American industry is a logical field for investment.

1. The resources, abilities and corporate mechanisms of American industry are without peer.
2. America is a strong country and can defend the fruits of its own efforts from international bandits.

"This country is now in the process of fending off, and ultimately eliminating, a pair of bandits. To finance this police job it is selling Defense Bonds.

"The owner of Affiliated shares therefore should logically see to it that some Defense Bonds are put in the box where he keeps his certificate of ownership in American industry."

National Securities & Research Corp. believes that "the investor who is entirely or to an appreciable degree dependent on investment income for living expenses, patriotic duty presents a double problem. As one with investable funds, he will wish to lend as much to the government, through buying bonds, as possible. On the other hand, living costs and taxes are rising."

Here is the National Securities way to meet this problem. "Each investor can figure the per cent of return on available funds that he must have to meet living expenses and taxes. The following tables show what proportion of funds can be placed in Series G Defense Savings Bonds (yielding 2½% to maturity) plus either the National Bond Series or the National Low-Priced Bond Series, to secure the required rate of return.

Proportion of Defense Savings Bond Series G and National Bond Series of National Low-Priced Bond Series to Produce Stated Yields*

Return	Defense Bonds	Bond Series
3%	87½%	12½%
4%	62½%	37½%
5%	37½%	62½%
6%	12½%	87½%

Return	Defense Bonds	Low-Priced Bond Series
4%	74%	26%
5%	57%	43%
6%	40%	60%
7%	22%	78%
7½%	14%	86%

*Based on Defense Bond Series G yielding 2½% to maturity and estimated (Jan. 1, 1942) aggregate distributions for next four quarterly periods on National Bond Series of 6.5% and National Low-Priced Bond Series of 8.3%. (Either Preferred Stock Series or Income Series could be substituted for or combined with Low-Priced Bond Series.)

* * *

From the "New York Letter" published by Hugh W. Long & Co. distributors of New York Stocks, Manhattan Bond Fund and Fundamental Investors:

"Railroad stocks and bonds continue to enjoy the center of the investment stage.

"On Jan. 21 the ICC granted the carriers a 10% rise in passenger fares. The railroads have also petitioned for a 10% increase in freight rates and it is inconceivable that the attitude of the Commission will change overnight. Even a grant of 5% higher freight rates will go a long ways toward meeting the recent wage increase.

"Then there's the probability of much heavier freight traffic throughout the year. Poor's Investment Service has estimated it conservatively at between 6½% to 8%. The Association of American Railroads predicts they'll haul 10% more than 1941. Fitch is still more optimistic. They say the step-up will be between 10% and 15%. Freight loading for the week ended Jan. 17 were 15.3% higher than last year.

"There seems to be little doubt in any informed mind that the railroads will show greater net earnings this year because of higher rates, expanded traffic and their excellent excess profits tax position and they've been consistent market leaders!

"Not only did the Dow-Jones Railroad Stock Average out-perform the Industrials during 1941, but in January it showed a real gain in a stagnant general market!

"Good as that record is—the Railroad Series of New York Stocks did much better! In 1941 the Series advanced against a decline in both the Dow-Jones Averages. In January the Series has almost doubled the gain of the Dow-Jones Railroads!"

From Dec. 31, 1940 to Dec. 31, 1941

D-J Industrials declined	15.4%
D-J Railroads declined	9.6%
N. Y. S. RAIL SERIES advanced	2.7%

From Dec. 31, 1941 to Jan. 27, 1942

D-J Industrials declined	0.3%
D-J Railroads advanced	13.1%
N. Y. S. RAIL SERIES advanced	21.6%

From Dec. 31, 1940 to Jan. 27, 1942

D-J Industrials declined	15.6%
D-J Railroads advanced	2.2%
N. Y. S. RAIL SERIES advanced	24.9%

(Dividends not included in these figures).

Chicago Bond Traders Hold Annual Dinner

CHICAGO, ILL.—The Red Cross War Relief Fund is $237 richer as the result of voluntary contributions by members and guests of the Bond Traders Club of Chicago at their annual dinner. Assisting ably in the collection was J. Smith Ferebee, who received splendid support from all in attendance.

In addition to the 221 members and 49 Chicago guests, out-of-town guests included:

Thomas Akin, Akin-Lambert Co., Los Angeles, Calif.; A. Augustine, Scott-McIntyre & Co., Cedar Rapids, Iowa; Herbert H. Blizzard, Herbert H. Blizzard & Co., Philadelphia; Wm. Perry Brown, Newman, Brown & Co., New Orleans, La.; C. F. Bryan, Spencer Trask & Co., New York City; J. Dunn, Stifel, Nicolaus & Co., St. Louis, Mo.; R. E. Byrne, Edward D. Jones & Co., St. Louis, Mo.; J. Canavan, Rauscher, Pierce & Co., Dallas, Tex.; R. Coffin, Hornblower & Weeks, Detroit, Mich.; H. L. Coleman, H. O. Peet & Co., Kansas City, Mo.; Chester de Willers, Schoonover, de Willers & Co., New York City; R. D. Diehl, Fahey, Clark & Co., Cleveland, Ohio; W. Donner, The Milwaukee Co., Milwaukee, Wis.; J. S. Finrud, First National Bank of Minneapolis; Firmin D. Fusz, Jr., Fusz-Schmelzle & Co., St. Louis, Mo.; W. H. Gardner, J. Arthur Warner & Co., New York City; Chester M. Glass, Jr., Bankamerica Co., San Francisco, Calif.; O. Goshia, Collins, Norton & Co., Toledo, Ohio; C. S. Hahn, Scherck, Richter Co., St. Louis, Mo.; J. C. Hecht, Butler-Huff & Co. of California, Los Angeles, Calif.; J. Hecht, Bendix, Luitweiler & Co., New York City; J. J. Hunt, White, Weld & Co., New York City; J. Lambick, Friedman, Brokaw & Samish, St. Louis, Mo.; E. L. Larson, De Young, Larson & Tornga, Grand Rapids, Mich.; H. A. Lichtenberger, Freeport, Ill.; C. Lipsky, Bendix, Luitweiler & Co., New York City; W. Lewis, Bigelow-Webb, Inc., Minneapolis; Charles Lob, Weil & Co., New Orleans, La.; B. Ludington, Watling, Lerchen & Co., Detroit, Mich.; C. J. Maender, Gatch Bros., Jordan & McKinney, St. Louis, Mo.; J. Masek, Charles A. Fuller Co., Minneapolis; M. Macrury, Paine, Webber & Co., Milwaukee, Wis.; L. McElhiney, The Milwaukee Co.; Fred Morton, The Milwaukee Co., Milwaukee, Wis.; C. Y. Murphy, Mackubin, Legg & Co., New York City; E. E. Parsons, Wm. J. Mericka & Co., Cleveland, Ohio; A. Patek, Paine, Webber & Co., Milwaukee, Wis.; T. Pelton, Wells-Dickey & Co., Minneapolis, Minn.; E. Price, E. W. Price & Co., Kansas City, Mo.; R. Rada, Paine, Webber & Co., Milwaukee, Wis.; R. M. Rice, R. M. Rice & Co., Minneapolis, Minn.; Stanley Roggenburg, Roggenburg & Co., N. Y. C.; Joseph W. Sener, Mackubin, Legg & Co., Baltimore, Md.; J. B. Shannon, Campbell, McCarty & Co., Detroit, Mich.; Betram Smith, Ernst & Co., New York City; W. P. Space, Thrall West Co., Minneapolis, Minn.; W. W. Stebbins, The Wisconsin Co., Milwaukee, Wis.; Carl Stolle, G. A. Saxton & Co., New York City; J. F. Tegeler, Dempsey-Tegeler & Co., St. Louis, Mo.; R. W. Thornburgh, W. E. Thornburgh & Co., Cincinnati, Ohio; H. Tornga, DeYoung, Larson & Tornga, Grand Rapids, Mich.; G. Vonier, Paine Webber & Co. Milwaukee, Wis.; R. A. Walsh, Dempsey-Tegeler & Co., St. Louis, Mo.; Harry G. Williams, Quail & Co., Davenport, Iowa; M. Reincke, The Wisconsin Co., Milwaukee, Wis; Norman Cole, Ledogar-Horner Co., Cleveland, Ohio; J. M. Russell, Gillis, Russell & Co., Cleveland, Ohio; Otto Koch, Loewi & Co., Milwaukee, Wis.; W. H. R. Jarvis, First Boston Corp., New York City; A. E. C. Oxley, Dominion Securities Corp., New York City; Ernest Kosek, Ernest Kosek & Co., Cedar Rapids, Iowa; Lud Prastka, Ernest Kosek & Co., Cedar Rapids, Iowa; Walter Engman, Murdoch, Dearth & White, St. Louis, Mo.; Peter Cooper, Loewi & Co., Milwaukee, Wis.; L. A. Strader, Scott, Horner & Mason, Lynchburg, Va.; C. H. Babcock, Piper, Jaffray & Hopwood, Minneapolis, Minn.; James Musson, B. J. Van Ingen & Co., New York City; and R. Spraks, Harris, Upham & Co., Kansas City, Mo.

Wasson Opens

CARTHAGE, N. Y.—Thomas W. Wasson is engaging in a general securities business from offices at 405 State Street.

CONFIDENCE...

AND Victory!

WITH grim but quiet determination the people of the United States and Canada carry in their minds and hearts the conviction of complete and final Victory over the enemies of freedom.

This will to win and to hold fast to their chosen way of life is reflected by nearly seventy million people throughout these two countries who continue to maintain their life assurance because they know it is the best means of ensuring future economic security for themselves and their families. Their confidence serves a dual purpose, for their savings have also made possible the great investments of the life companies in the National Defense and Victory loans of our North American democracies.

ASSURES SECURITY

SUN LIFE OF CANADA

From the 1941 Annual Report:—New Assurances issued during the year: $187,041,959. Total Assurances in force: $2,971,747,088. Benefits paid during the year: $88,312,394. Total Receipts: $177,302,861. Total Assets at Dec. 31, 1941: $992,761,140. Total Liabilities: $961,313,800.

(Liabilities and other funds in the United States: $377,239,983.)

For copy of Annual Report, apply to nearest branch

Urges Protection For Dealer

(Continued from First Page)

ized to resist the ambitions of the Curb. It would require much time and money to organize for a particular case; and as the interest would vary among cases, it would be necessary to organize for each case. If you knew the amount of work which had to be done in uniting dealers behind the simple proposition which I am now presenting, you would realize the hopeless situation which adoption of the proxy amendment, exactly as proposed by the Exchanges, would create for thousands of distributing dealers all over the country.

"For the reason just stated, and for other reasons which follow, we oppose the Exchange-proposed proxy amendment, unless supplemented by our amendment, which would prevent in future the granting of unlisted privileges to any Exchange, excepting in securities fully listed by application of the issuer upon some Exchange.

"Expressed from the broader viewpoint of public interest, we contend that when a company or issuer believes that Exchange trading in its securities is undesirable because it causes unreliable markets, or discourages continuous retail distribution, or creates irresponsible ownership, or otherwise does damage, the management, by refusing to list its securities on any Exchange, should be able to prevent trading on all Exchanges.

"The present situation with respect to unlisted trading, according to our view, is unfair to the distributing dealers and to the issuers of securities; and it would be aggravated greatly by the adoption of the Exchange-proposed proxy amendment. When a security is listed on an Exchange, or admitted to unlisted trading privileges the distributor is embarrassed in his dealings in it. He may make a better market than the Exchange; but the Exchange, because people are market-minded, gets its principal advertising for nothing. Frequently, the distributor provides the investor with information and advise at considerable expense, only to have the order go to an Exchange member who has done nothing to deserve it. The distributor, whose emphasis is on information, has to compete with an agency whose emphasis is on price. The investor, unfortunately for his own interest, is price-minded. He is willing to buy at wholesale, if he gets retail service. The published price of a single sale on the Curb, while not truly indicative of the real market, may ruin the effort of the distributor to sell substantial amounts at a fair price.

"I realize that these unfortunate facts alone would not determine the action of Congress, if it should find the public interest opposed to ours. Therefore, I seek the firmest ground to show you why it is in the public interest that the distributing dealers should not be sacrificed to the ambitions of the Exchanges.

"If you consider the financial conditions which the Securities Acts were designed to correct, I think you will agree that the principal objectives are to curb speculation, to prevent the circulation of false and misleading information, to encourage intelligent decisions by investors, and to promote stability in prices and responsible ownership. Reasoning from these premises, and realizing that passing a law is only the beginning of a desirable reform, one naturally comes to consider what kind of a business organism is required for putting into practical effect the intent of Congress.

"The distributing dealers, such as those for whom I speak, constitute the kind of business agency best designed to attain the objectives of the Securities Acts. I grant that there are some distributing dealers whose financial resources are small in proportion to their commitments, and that there are some whose conception of a fair retail profit reflects an exaggerated notion of the value of their services. Under existing laws, it is perhaps too easy to get into the business. These defects, however, can be remedied. The great part of the business volume of the distributing dealers is done by responsible firms on a fair margin of profit.

"The reliable distributor provides the essential elements of a sound and stable financial economy. He lives, usually, in close contact with his customers. He provides the customer with information and helps him to use it sensibly. The distributor's interest lies in stability and sound investment, and not in activity and speculation. He seeks the customer who buys securities to keep and not to kick around. His method of continuous distribution affords the only sound basis for stable markets. He creates the demand which assures stability and salability.

"Exchanges have virtues, of course. But if we appraise their value in the essential functions of raising new capital, of service to the investor by intimate contact, of ability to create investment demand for large blocks of securities, and of promoting stability and responsible ownership, we find them lacking in these essentials.

"The conflict in interest between the distributing dealers and the Exchanges, out of which arises this and other arguments, is fundamentally a conflict between two opposed economic philosophies. The interest of the distributor, as opposed to the Exchange interest, lies in emphasis upon merit instead of market, and upon information more than upon price; in investment as against speculation; in stability more than in activity; in the long term more than in the quick turn; in local leadership as opposed to centralized economic power; and in responsible ownership of securities, instead of the 'poker-chip' idea of ownership.

"I have always believed that the Securities and Exchange Commission must eventually recognize that the distributing dealers are the agency best adapted to the purposes of the Securities Act. When this is recognized, we will be relieved of some of the embarrassments under which we now labor in competition with the Exchanges. In the meantime, all we are asking is that Congress refrain from granting to the New York Curb Exchange another advantage over the distributing dealers, by refusing to enact the Exchange-proposed proxy amendment unless our amendment concerning unlisted trading privileges is also enacted."

Seeks To Void Expulsion

Edward F. McCormack has filed suit in the Supreme Court seeking to void his expulsion as a member of the New York Curb Exchange and to restrain the Exchange from transferring or selling his membership. Mr. McCormack had been expelled from regular membership on the Exchange last March on charges of splitting fees or commissions earned by him with a former telephone-order clerk for business procured for him. In his suit, which names George P. Rea, President of the New York Curb, as defendant and seeks $7,500 damages, Mr. McCormack charged that the Curb's action against him had been brought because members were "biased" against him, other members having split commissions, as proved by an investigation, without action being taken against them.

In a recent report the SEC stated that Mr. McCormack had not even been "suspected of commission splitting prior to the Commission's investigation."

NYSE Facilities For Special Offerings

Emil Schram, President of the New York Stock Exchange, announced that the Board of Governors of the Exchange adopted on Jan. 29 rules providing for "special offerings" to be made through the facilities of the Exchange. Mr. Schram explains that the Securities and Exchange Commission has announced the amendment of its Rule X-10B-2, so as to exempt from the restrictions of that rule "Special Offerings" made pursuant to a plan which has been declared effective by the Commission. He added that the rules will become effective on Feb. 16 subject to the prior order of the SEC, declaring the plan embodied in the rules to be effective. In his explanation of the policy regarding "Special Offerings," Mr. Schram further said:

> It is not the purpose of these rules to supersede the auction market or supplant approved secondary distributions, but to provide means for the handling of blocks of listed stocks through the facilities of the Exchange, where such blocks, under current conditions, cannot readily be absorbed in the auction market within a reasonable time and at a reasonable price.
>
> "Piecemeal" or successive offerings of the same security by the same offeror, and offerings on an "all-or-none" basis, will not be permitted.
>
> The offeror in a Special Offering must be the owner (as defined in paragraph 5 on page E-460 of the Directory and Guide) of the entire block of stock offered.
>
> A Special Offering must remain good for three consecutive hours of trading on the Exchange. Thus, if a Special Offering is announced on the tape at 2 o'clock in the afternoon, it must remain good until 12 o'clock of the following trading session, unless the entire block is sold in the meantime.
>
> Orders accumulated after the close shall be completed on the Floor of the Exchange at the opening of the next market session.
>
> It should be noted that, under Rule 492 (d), an offeror may not, while his Special Offering is open, offer any shares of the same stock in the regular auction market.
>
> Commissions earned by members and member firms in connection with Special Offerings may not be split or shared with registered employees. Compensation to registered employees for such business, as in the case of all listed commission business, must be in the form of a fixed salary, as provided in Rule 436, page E-262 of the Directory and Guide, and paragraph 2, page E-287.
>
> Rules 490-497 are intended primarily to provide for Special Offerings on an agency basis by members or member firms in behalf of their non-member customers. However, the rules do not prohibit an Offering by a member or member firm for his or its own account. On such Offerings, purchases by customers of the offeror must be confirmed on a principal basis.
>
> Rule 490 places a general limitation on the size of Special Offerings, except in special circumstances. Such an exception might be a Special Offering of a stock located at Post 30.
>
> Stabilizing operations in connection with Special Offerings must be discussed in advance with the staffs of the Department of Member Firms and of the Securities and Exchange Commission.
>
> Transactions effected pursuant to Special Offerings shall not elect stop-orders or open odd lot orders for execution in the regular auction market.
>
> Purchases against Special Offerings must be completed on the Floor of the Exchange at the Post where the stock is dealt in. The handling of the Floor end of the business, on either the purchase or the offering side, may be entrusted to a Floor broker or specialist in the same manner as in the case of regular commission orders.
>
> Rules 490 to 497 will be administered by the Department of Member Firms and inquiries with regard thereto should be directed to Mr. Coyle or Mr. Kuver of that department.
>
> As Special Offerings are in the nature of an innovation and experiment, the Exchange will welcome any suggestions or criticism which may be in furtherance of the objectives of these rules.

SEC Permits Exchanges Offering System Trial

The SEC announced that it had taken action to enable any national securities exchange to try out a system of special offerings. The action of the Commission consisted in providing a conditional exemption to Rule X-10B-2 which relates to solicitation of purchases on an Exchange. The New York Stock Exchange had urged this exemption as a means of improving the market for some of its securities. Rules providing for "special offerings" to be made through the facilities of the Exchange were adopted by its Board of Governors on Jan. 29. The SEC in making known on Feb. 6 the Commission's action said:

> The plan presented by the New York Stock Exchange provides that these special offerings may be made only when it is determined that the auction market on the floor of the Exchange can not, within a reasonable time and at a reasonable price, absorb a particular block of stock. Under one of the provisions of the plan a person making such an offering is permitted to pay a special commission to the broker for the purchasing customer. Under such circumstances the broker will not receive any compensation from his customer. The terms of the offering, including any special commission, will be disclosed on the tape when the offering is made and when any transaction is executed in the course of the offering. Confirmations to the customer will likewise disclose the special commission. Copies of plans which become effective will be on file with the Commission and will be available for public inspection.

The exemption will be available to any national securities exchange which presents a plan containing appropriate safeguards. The Commission will not declare any plan to be effective for the purposes of the rule if the plan is contrary to the public interest or is likely to be detrimental to investors.

The Commission emphasized that the fact that it declares a plan to be effective does not constitute approval of the plan. It also emphasized that it regarded the exemption as experimental only and pointed out that the exemption, by its terms, will be operative for a limited period of six months unless the Commission otherwise determines.

Benjamin To Manage Newburger, Loeb Branch

Newburger, Loeb & Co., members of the New York Stock Exchange, announce that Morris Benjamin, formerly with Hirsch, Lilienthal & Co., is now associate manager of their branch office at 99 Madison Avenue, New York City.

NASD District No. 13 Appoints Committees

Henry G. Riter 3rd, Riter & Co., Chairman of District No. 13 Committee, National Association of Securities Dealers, Inc., announces the appointment of the following committees:

Uniform Practice Committee: Frank Dunne, Chairman, Dunne & Co., New York, N. Y.; Robert L. Osswalt, Vice-Chairman, Blyth & Co., Inc., New York, N. Y.; Theodore F. Bernstein, Jr., Carl M. Loeb, Rhoades & Co., New York; Edward J. Costello, First Boston Corp., New York; James Currie, Jr., Hoit, Rose & Troster, New York; Herbert M. May, Herbert M. May & Co., New York; Reginald Martine, Harriman, Ripley & Co., Inc., New York; Paul M. Strieffler, Riter & Co., New York; Robert Strauss, Strauss Bros., New York.

Quotations Committee: Richard C. Rice, Chairman, J. K. Rice, Jr., & Co., New York; Frederick Barton, Eastman, Dillon & Co., New York; J. Edward Davis, Jackson & Curtis, New York; Louis A. Gibbs, Laird, Bissell & Meeds, New York; O. D. Griffin, Lord, Abbott & Co., Inc., New York; Alexander Pinney, Graigmyle, Rogers & Co., New York; Percival J. Steindler, P. J. Steindler & Co., New York.

Special New York State Stock Transfer Tax Committee: Oliver J. Troster, Chairman, Hoit, Rose & Troster, New York; Russell V. Adams, Adams & Mueller, Newark, N. J.; Frederic W. Q. Birtwell, Stone & Webster and Blodget, Incorporated, New York; Edward J. Costello, First Boston Corp., New York; P. Fred Fox, P. F. Fox & Co., New York; Eugene L. G. Grabenstatter, Trubee Collins & Co., Buffalo, N. Y.; Gustave Levy, Goldman, Sachs & Co., New York; Robert S. Morris, Robert S. Morris & Co., Hartford, Conn.; Alvin H. Turton, Frederic H. Hatch & Co., Inc., New York; William F. Walsh, Jackson & Curtis, New York.

New York City Business Conduct Committee: Henry G. Riter 3rd, Chairman, Riter & Co., New York; Harry W. Beebe, Harriman, Ripley & Co., Inc., New York; Frank Dunne, Dunne & Co., New York; Irving D. Fish, Smith, Barney & Co., New York; Gail Golliday, Bonbright & Company, New York; Charles F. Hazelwood, E. H. Rollins & Sons, Inc., New York; Richard C. Rice, J. K. Rice, Jr. & Co., New York; Meyer Willett, Bristol & Willett, New York.

John S. Costa Joins A. Webster Dougherty

PHILADELPHIA, PA.—John S. Costa has become associated with A. Webster Dougherty & Co., 1421 Chestnut Street. Mr. Costa in the past was in charge of the municipal department of the local office of Bancamerica-Blair Corporation and prior thereto was manager of the bond department for A. C. Wood, Jr., & Co.

E. F. Kezer Is With B. J. Van Ingen & Co.

B. J. Van Ingen & Co., Inc., 57 William Street, New York City, announce that Edwin F. Kezer, formerly with Outwater & Wells, as manager of the municipal department, is now associated with them.

Herman Brocksmith With Scherck, Richter Co.

(Special to The Financial Chronicle)

ST. LOUIS, MO.—Herman L. Brocksmith is now associated with Scherck, Richter Company, Landreth Building.

Bond Club Of Chicago Elects 1941 Officers

CHICAGO, ILL.—At its annual meeting, the Bond Club of Chicago elected Edward C. George, Harriman Ripley & Co., Inc., President to succeed Ralph Chapman, Farwell, Chapman & Co., who will become a director for the ensuing year. Charles K. Morris, Charles K. Morris & Co., Inc., was named Secretary, and George H. Willis, First Boston Corp., Treasurer.

Eugene Hotchkiss, Blair, Bonner & Co., J. H. Maxwell, The Northern Trust Co.; Paul L. Mullaney, Mullaney Ross & Co.; J. Sanford Otis, Central Republic Co., and Reno H. Petersen, The Illinois Company of Chicago, were named directors.

The Bond Club this year discontinued its traditional formal dinner in favor of a luncheon meeting. The Club unanimously adopted a resolution to turn over to the Red Cross the sum of five hundred dollars, usually spent for the club's annual dinner.

Dodson Manages Dept. For Donald Davis Co.

BOSTON, MASS. — Donald Davis & Co., 82 Devonshire Street, announce that Paul E. Dodson has become associated with their firm to supervise their municipal department. Mr. Dodson for a number of years was connected with Newton, Abbe & Co.

Consolidates Offices

CHICAGO, ILL. — Shearson, Hammill & Co. has consolidated its offices in the Board of Trade Building and at 208 South La Salle Street in new quarters in suite 510 at 208 South La Salle Street. The office in the Board of Trade Building became a branch of Shearson, Hammill & Co. through the merger with the Chicago office of Winthrop, Mitchell & Co. The branch office in the Wrigley Building will be continued as heretofore. The firm's new phone number will be Randolph 7120.

Foelber-Patterson Is Formed In Fort Wayne

FORT WAYNE, IND.—Foelber-Patterson, Inc., has been formed with offices in the Lincoln Bank Tower, to act as underwriters, distributors and dealers in railroad, public utility, industrial, municipal, U. S. Government bonds and local corporation securities. Officers of the firm are Eugene F. Foelber, President, and Sidney B. Patterson, Secretary and Treasurer.

The sales department will be in charge of Mr. Foelber. The collection department will be directed by J. Reith.

P. D. Reed Heads WPB's Industrial Branches Unit

Philip D. Reed, Chairman of the Board of Directors of the General Electric Co., will head the Industrial Branches in the Division of Industry Operations of the War Production Board, it was announced on Jan. 24 by J. S. J. S. Knowlson, Director of the Division.

In February, 1941, Mr. Reed became Senior Consultant in the Priorities Division of the Office of Production Management, and in July became Deputy Director of the Industrial Subdivision of the Priorities Division. Later he was appointed Deputy Director of the Materials Division, and on Jan. 1, 1942, he was made special assistant to the Directors General in charge of Industrial Branches. His new position will involve similar duties.

SEC Adopts Single Report Form for Management Cos.

As a further step in its program of simplifying filing requirements, the SEC on Jan. 29 announced the adoption of a single annual report form to be used by management investment companies under both the Securities Exchange Act of 1934 and the Investment Company Act of 1940. The new form, known as Form N-30A-1, will largely supplant Forms 15-K, 17-K and 2MD under the Securities Exchange Act. It is the first periodic report form to be adopted under the Investment Company Act. The SEC announcement further explained:

> Form N-30A-1 is designed to bring up to date, as of the close of a company's fiscal year, the information originally supplied by each management investment company in its registration statement under the Investment Company Act. Most of the items of the form require information only if some change in the data previously reported has occurred during the fiscal year.

Prior to the adoption of Form N-30A-1, drafts were submitted to all management companies registered under the Investment Company Act for comment, and conferences were held between members of the Commission's staff and representatives of the National Association of Investment Companies, as well as with officials of individual companies.

The form is being sent to approximately 300 management investment companies. Copies may be obtained from the Publications Unit of the Commission, Washington, D. C., as well as from the Commission's Regional Offices.

In connection with the adoption of Form N-30A-1, the Commission adopted two new rules under the Investment Company Act, Rule N-30A-2 and Rule N-30A-3, and amended Rules X-13A-2 and X-15D-2 under the Securities Exchange Act.

Heads SEC Utilities Div.

Robert H. O'Brien was sworn in as a member of the Securities and Exchange Commission on Feb. 3, with the oath being administered by Edward C. Eicher, former SEC Chairman, who is now Chief Justice of the United States District Court for the District of Columbia. Mr. O'Brien fills the vacancy on the Commission caused by the elevation of Mr. Eicher to a Judgeship. President Roosevelt nominated Mr. O'Brien on Jan. 22 and the Senate confirmed the appointment on Jan. 28, as was indicated in our issue of Feb. 5, page 569.

The SEC also made known on Feb. 3 that John W. Houser, of Long Beach, Calif., has been appointed Director of the Public Utilities Division, succeeding Mr. O'Brien. Mr. Houser has been Assistant Director of the Division since April, 1941, and has been associated with the Commission as an attorney in the Utilities Division since 1938.

Underwriters Trust Moving

Christian W. Korell, President of the Underwriters Trust Co., New York City, announced that, as soon as alterations have been completed, the trust company will change its principal office from 37 Broadway to 50 Broadway, where it will have added facilities for the conduct of its business. In addition to the main floor and mezzanine, which extends from Broadway to New Street, a larger vault with commodious rooms for examination of securities and for conference purposes will be available, it is announced.

NY Curb Acts To Aid Members In War Service

The Board of Governors of the New York Curb Exchange at a regular meeting held last month approved an amendment to the Constitution authorizing the Committee on Communications and Commissions to permit any member or member firm to share commissions with a member absent in war service on business which he would otherwise have handled. The Exchange in its announcement states:

> Under the terms of the amendment the absent member might receive not more than half of such commissions.
>
> At the same meeting the Board approved an amendment to the section authorizing appointment of a floor representative by a member in active service of the United States so as to extend the provision to members engaged "in any military, naval or other public service incident to the defense of the United States or of any nation which is a belligerent against one or more of the enemies of the United States.

The amendments will be voted on by the members of the Exchange.

H. L. Young Named To Fed. Advisory Council

H. Lane Young, President of the Citizens & Southern National Bank with offices at Atlanta, Savannah and other Georgia cities, has been elected a member of the Federal Advisory Council of the Federal Reserve System to represent the Sixth (Atlanta) Federal Reserve District, according to an item in the Atlanta "Constitution," of Jan. 11.

Mr. Young has a background of 43 years in the banking field. Aside from being President of the C. & S. Bank, he was a class A director of the Federal Reserve Bank of Atlanta from 1928 to 1933, and a member of the Federal Advisory Council from 1934 through 1936.

He was also Chairman of the Agricultural Committee of the American Bankers' Association. He is a director of the Atlantic Coast Line Railroad Co., the Thomaston Cotton Mills, the Nehi Corp., the U. S. Fidelity & Guaranty Co., and of the Atlanta Chamber of Commerce.

Real Estate Tax Rise Held Unlikely In 1942

There is at least one tax which it seems likely will show no increase in 1942—the real estate tax—but in many American cities it appears already too high, according to data compiled by the Mortgage Bankers Association of America released on Jan. 24. In indicating this the Association said:

> Mortgage bankers in 38 principal cities believe there will be no real estate tax rise this year, although bankers in 24 other leading cities expect some increase.

In 14 of the cities polled by the Association, mortgage bankers do not consider present real estate taxes too high but in 37 other leading cities mortgage bankers say they are too high. The estimate of how much too high these taxes are averaged 23½% for these 37 cities.

"I believe this sampling poll of leading cities indicates a trend which should prove encouraging to property owners," said Frederick P. Champ, Association President. He likewise said:

> "While almost all other taxes are naturally rising to pay for the war, real estate taxes generally do not appear to be increasing generally. This is encouraging because it seems fairly well agreed that the real estate tax burden in recent years has been proportionately heavier than almost any other."

It is added that the survey's results seem to substantiate other current data on the subject. It is stated that it was recently shown that the average real estate tax rate in 263 cities in 1941 increased only 2¢ per $1,000 over 1940 and that the average assessed value in these cities increased only 0.1 of 1%.

AIB Pushes National Defense Bond Campaign

Nation-wide efforts to complete the mobilization of the 70,000 members of the American Institute of Banking in the government's Defense Saving Bond campaign are being undertaken, it is announced by George T. Newell, AIB President, who is Vice-President of the Manufacturers Trust Co., New York City. The Institute is the educational section of the American Bankers Association. The national campaign by the Institute is the culmination of intensive preparations for launching the drive among more than 400 local chapters and study groups. The preparations began with a forum on the sale of the bonds and stamps in Rochester, N. Y., several weeks ago.

The AIB has sent detailed information on organizational procedure for the defense bond and stamp campaign to the members of its National Forum and Seminar Committee and to its National Public Relations Committee. This material, it is pointed out by Mr. Newell, will enable local chapters and study groups of the Institute to undertake aggressive promotional work in the campaign.

Special emphasis will be placed on the public education aspects of the drive, Mr. Newell said. In meetings held by the local chapters and study groups, the objectives of the government's campaign will be stressed, in order that the Institute's members will be adequately prepared to tell the public of the need for widespread participation in the purchase of the bonds and stamps.

Canadian Sugar Use Up

Consumption of refined sugar in the Dominion of Canada during 1941 totaled 522,901 long tons as against 500,943 tons in the previous year, an increase of 21,958 tons, or approximately 4.4%, according to advices received by Lamborn & Co., New York. From the firm's announcement we also quote:

> For 1942, consumption is expected to show a decided decrease due to rationing. Household use is limited to three-quarters of a pound per person each week. Housewives with more than a two weeks' supply on hand have been asked not to buy more until their stocks were exhausted. It is calculated that approximately 100,000 tons of sugar might be saved by curtailed use.

Of the 1941 consumption, approximately 95,000 tons, or 18% were beet sugars produced in the Dominion, while the remainder were imported cane sugars which came principally from the British West Indies and other British possessions. Of the sugars consumed in 1940, home production supplied approximately 75,000 tons, or 15%, while the balance came primarily from the sources mentioned above.

Lester Named Director

LOS ANGELES, CALIF. — Bernadotte P. Lester, President of Lester & Co., 621 South Spring Street, members of the Los Angeles Stock Exchange, and Albert S. Knies, an official of Reynolds Metals Corporation, were elected to the Board of Directors of Rohr Aircraft Corporation at the annual stockholders' meeting.

Information Service To Expand Facilities

President Roosevelt directed Lowell Mellett, Director of the Office of Government Reports, to expand the facilities of the United States Information Service so as to provide a central office for those who go to Washington attempting to obtain advise and direction for the utilization of their facilities in the war effort. The President also directed Mr. Mellett to notify department and agency heads to have their information divisions coordinated under this central office. The President's letter to Mr. Mellett said:

> Citizens are coming to Washington in increasing numbers seeking information and assistance of their Government. Many business men are attempting to obtain advice and direction for the utilization of their facilities in the war effort. It has become more and more difficult for those coming to Washington on specific business to locate the Government official who can give authoritative answers to their questions.
>
> As a result, many of the departments and agencies have expanded their information divisions. It is now necessary that there be an integration of the various offices having direct contact with the public and that their activities be coordinated under the direction of a central office.
>
> As President of the United States and Commander in Chief of the armed forces, I, therefore direct you, as Director of the Office of Government Reports, to (1) expand the facilities of the United States Information Service so that visitors shall have one central place to which they can go for direction and information; (2) inform department and agency heads of my desire that they assign such of their personnel to duty in this central office as may be necessary to carry out this general purpose.
>
> I further direct that you transmit a copy of this letter to the heads of all Federal agencies.

Armstrong In War Post

The National War Labor Board on Feb. 5 announced the appointment of Robert B. Armstrong of the Industrial Research Department, University of Pennsylvania, as Director of Statistical Information. Mr. Armstrong will be charged with the duty, under the direction of Dr. George W. Taylor, Board Vice-Chairman, of assemblying and correlating such statistical data as may be pertinent to the cases before the Board. In addition to his post at the University of Pennsylvania he has served as a consultant to the Bureau of the Census and as an instructor of economics at Gettysburg College, Gettysburg, Pa.

FDR To Report On War

President Roosevelt is expected to make a report to the Nation on war activities in a radio address, probably around George Washington's birthday (Feb. 22), the White House announced on Jan. 29. Stephen Early, White House Secretary, said that the President had received many requests from people to make such a talk in order "to dissipate poisonous, troublesome rumors and, in so far as possible, to give the country a clearer and better understanding of the war and all it involves."

Mr. Early explained that the President does not feel that the "timing is very good just now," but that within a month "it is quite possible he will have some things of importance to say."

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WHISPERINGS

We believe the following poem written by James McKinley Bryant is appropriate enough to print in its entirety. Mr. Bryant wrote it on Dec. 1, 1941, six days before the attack on Pearl Harbor.

MY AMERICAN CREED

I'm no one in particular,
I'm just an average American.
I have one thought which stands out alone
Above all others, one word,
LIBERTY.
Simply because
I BELIEVE IN LIBERTY.
I just don't wear it on my lips
As a decoration,
Like Hitler wears his swastika
On his sleeve.
No, it comes to mean
A mighty real thing to me.
It means that, as the great men,
Past and present,
Who by their ideals,
Have sown the seeds of Liberty
In the Fertile Fields
Of our Democracy,
So shall I
Try to retain the standards of those men.
In so doing,
I will therefore
Reap the reward of
Freedom of Speech, of Thought and of Worship.
Now all over the world
There is a frenzied battle being waged
Between the men who believe in Democracy
And those on the side of Totalitarianism.
Of these latter men
One stands out alone,
His name—HITLER—
I've heard what my generation calls him,
A DICTATOR!
If I understand this word at all
A Dictator is an authority
On the DECTRUCTION OF LIBERTY.
He is one who, by my way of thinking,
Must say to his disciples: Quote—
"My deeds may be accursed
As Cain's own crime,
But then you shall all be Cains with me."
Unquote.
That, I believe is in the mind of a man
Who loves his country
By hating the world.
He calls it Patriotism,
But I would call it
HELL ON EARTH!
I know how I would feel about living
Under the rule of a Totalitarian Power
That hates the Light of Day
And the Love of Life.
Under the rule of a man
With Chaos in his brain
And Death in his heart.
I KNOW how I would feel,
Because I am an American!
Therefore I say,
To maintain the IDEALS OF DEMOCRACY,
It is worth while
To FIGHT A MAN LIKE THAT,
and better still,
To DIE FIGHTING HIM.
This I believe sincerely and instinctively,
As one born and bred
In a truly GREAT DEMOCRACY
With FAITH in the EVERLASTING GOD
Of love and tolerance,
Truth and Brotherhood,
Light and Right!
This I believe as an AMERICAN.

James McKinley Bryant,
Hotel Drake, N. Y. City.

Tomorrow's Markets Walter Whyte Says—

(Continued from page 653)

but a handful of memories. If I hold on it may go lower.

* * *

I realize that in talking like this, I am giving away some of the closely held secrets of the trade. For no forecaster admits that he is wrong or even worried. Forecasters, in order to gain respect, lock themselves way in ivory towers and hand down their considered edicts on the state of everything to the people below. It's one of the unwritten laws of the business, that stock market soothsayers shall never admit mistakes. But being naive and not particularly interested in what other clairvoyants think, I do tell what I know. At least I try to if I can put it into words.

* * *

One of the principal reasons is that I know what it is to take losses and profits.

* * *

I know that when you approach the order window, you can't give the order clerk a speech on the state of the world, then expect him to make up your mind for you and buy the stock that will go up. You have to be definite. You either know what stock you're going to buy, and buy it, or you don't. If you don't, then all the learned articles as to why a certain condition may or may not affect securities won't help you, though they may pass the time away.

* * *

But to get back to realities. Last week I wrote that as the steels go so would the market. At the time this was written, the steels, particularly U. S. Steel, were beginning to make encouraging noises. True, these weren't of a nature to make buying them a good idea, but good enough to say they would have an effect on other stock. But that was on Wednesday. The following day, Thursday, the market should have gone higher. It didn't. That in itself was a danger sign. How dangerous it was, was seen in the action of the next few days.

* * *

As this is being written, the market has already declined about three points. Now three points may not look or sound like much, but in these days it is plenty. If you want the reason, you can find it in the news. In the Far East Singapore looks doomed; at home our Congress is busy making speeches. Instead of fighting a war, Congress is talking it's head off about "boondoggling." How a market can go up, and stay up, in the face of such things, I don't know. I can write reams about this, but it has no place in a column devoted to interpreting and advising on stock markets.

* * *

Meanwhile you have bought two stocks. These were recommended last week. They are American Car & Foundry at 32 or better, and American Steel Founders at 20 or better. The first is now selling at about 30½, showing you a paper loss of about 1½ points. The second, American Steel Founders, is still at about 20. Both stocks have critical levels under which they should not be held. This has nothing to do with their business prospects or their dividend potentialities. It applies only to their technical behavior.

* * *

If American Car & Foundry breaks 29, it should be sold. If American Steel Founders breaks 19, it, too, should be sold.

* * *

On the up side, these stocks show the following: American Car & Foundry now has a clearly indicated resistance area, beginning at 32¾ and extending to about 34.

* * *

American Steel Founders has a similar zone, beginning at 21½ and reaching to about 23.

* * *

If either of these stocks approach these areas and no volume appears, and if the rest of the market is lackadaisical, my suggestion is that you sell them.

By the time the next column appears, I may be wrong again, but that's the chance I have to take.

More next Thursday.

—Walter Whyte.

[The views expressed in this article do not necessarily at any time coincide with those of the Chronicle. They are presented as those of the author only.]

UP-TOWN AFTER 3

NEW MOVIES

"House of Spies" (MGM), with Conrad Veidt and Ann Ayars, in a thriller about spies, saboteurs and German consuls, who direct them from behind diplomatic curtains. With the United States at war and all German officials out of the country (at least I assume they are), the picture is behind the times. Still the story is exciting and fairly well done. Otto Becker, a studious bookseller, finds himself up against the Nazi machine when his twin brother, Baron Von Detner, the German consul, orders him to help the Nazi cause. Becker refuses and the Baron takes it upon himself to kill him. At least that is what is supposed to happen but in the struggle the Nazi is killed and the bookseller takes him place. He promptly schemes to upset the German applecart by giving all the plans away to American authorities. . . . **"Born To Sing" (MGM).** Virginia Weidler, Ray McDonald and a gang of kids, in one of those success yarns you've seen on the screen so often. It's about a gang of kids from the other side of the tracks who not only foil the dastardly producer who steals the musical score to use in his own show, but who put on a production of their own that sets the town on its ears. The whole thing is silly. Its only saving grace is the finale which ends with the La Touche-Robinson "Ballad For Americans." This is almost enough to save the whole picture. . . . **"Ride 'Em Cowboy" (Universal).** Another one of the Abbott & Costello pictures, this time supported by the Merry Macs, Ella (Tisket, A Tasket) Fitzgerald, Dick Foran, Johnny Mack Brown and Anne Gwynne. Like all previous Abbott & Costello films this one is funny only when the pair are on the screen. When they are off and the plot tries to unwind itself it is one of those dreary messes full of yawns. The story involves a pair of hucksters at a circus, one, of hot dogs, and the other, peanuts, who get tangled up with a rodeo and find themselves at a dude ranch. Involved is also the ranch owner's daughter, who is sore at the famous author of wild west yarns, because he is (1) a phony; (2) he made her lose the prize money in the rodeo, and (3) she loves him to pieces. From there on you know the story by heart. Abbott & Costello pull out all the old gags and tricks they have used so often before. The boy and the girl finally understand each other; the gamblers are foiled; the ranch is saved from foreclosure, and Abbott & Costello are heroes.

TABLES 'N BARS

Because I felt under the weather (and believe me, with the weather we've been having, that's a new low!), I didn't get around much last week, but a friend (?) of ours, Seaman Jacobs, a press agent, who shall remain nameless, evidently did a bit of pub crawling, as see the following note: "Sorry to hear you don't feel well, kid," writes the anonymous Jacobs, "but after all there's nothing better than curling up in a book with a good easy chair. That is, to you there may be nothing better. To me, curling up in a night club with a good (good, if I'm unlucky) blonde is much more fun. Take, for instance (and a lot of people are), Joe E. Lewis at Fefe's Monte Proser. No, I mean at Monte Proser's Copacabana. I dropped in there the other night. Well, it was more than dropping in. I tried to get the Fordham line to run interference for me. But that wouldn't do any good either. Then I told Joe Lopez at the door that I was one of the owners and they made room for me in a bulge in one of the walls. I happened to go to the opening of the new show when they put two revues in one. It lasted two hours. This is exactly 45 minutes longer than a certain nite club I know lasted. . . . "One item no one should miss, son, is Ella Logan at the **Hotel Pierre's Cotillion Room.** That's Ella-mentary, my dear Watson, and what's more the policy has been changed: Dress optional. That means you don't have to wear your grandfather's cutaway there anymore. About this Logan girl: She's sensational, terrific, wonderful, but outside of that I can't see her except maybe personally. . . . "When will I see you? I'll probably be in the Army next month, so let's make it soon. They'll be calling me the Sergeant Yorkobs of this war, you know. Before I leave, I'm throwing a Staying-Home party for all the tearful friends I'm leaving behind. I'm overlooking the 'friends' angle in your case. Will you come anyhow? . . . "That's about all, except could you get around to saying something nice about my red-headed account, Margie Hart?" (O. K., you sergeant you, Margie Hart is a nice girl!) . . . "Oh, before I forget," adds Jacobs, who shall remain unknown, "Fellow called up the **1-2-3 Club** the other day and said, 'I'm coming over Saturday night with a party of ten. Don't worry about chairs. I'm an undertaker and will bring my own'! That's the kind of cooperation Stearns is getting, although I must admit he did say 'no' when a couple, rather than be turned away, offered to sit on Roger's piano. 'Well, then,' said the girl, 'I can play the piano. How about sending my date home and letting me knock off a few duets with you'? That's right, kid, Rogers said 'no' to that, too." . . . Bobby Kittell writes from Los Angeles, asking will I please mention **Bert Rover's Paris Inn Cafe** in Los Angeles. It is, he writes, the place for dealers and brokers. It has singing waiters and an "A No. 1 floor show." I have never been there so can't say much but friends of mine agree that's a place to have fun in.

St. Louis Bank Stocks

Gatch Bros., Jordan & McKinney, Inc., 418 Olive Street, St. Louis, Mo., members of the St. Louis Stock Exchange, have just issued the 1942 Edition of their Manual of St. Louis Bank Stocks. This attractively bound brochure includes important factual information on a number of important banks in and around St. Louis, and may be obtained upon request from Gatch Bros., Jordan & McKinney.

The firm also plans to send out a mid-year statement of the banks' indicated earnings, which may also be had for the asking.

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Calendar of New Security Flotations

OFFERINGS

CORNELL-DUBILIER ELECTRIC CORP.

Cornell-Dubilier Electric Corp. filed a registration statement with the SEC covering $1,500,000 convertible sinking fund debentures; 30,000 shares of 5% cumulative convertible preferred stock, $50 par; and an unstated amount of common stock, $1 par, the latter to be reserved for issuance upon conversion of the debentures or the preferred stock. Interest rate and maturity date of the debentures will be supplied by amendment.

Address—333 Hamilton Blvd., S. Plainfield, N. J.

Business—Engaged in manufacture and sale of various types of capacitors, known also as fixed electrical condensers, devices for storing electrical energy between two or more conducting surfaces separated by a dielectric or non-conductor

Offering—Company states that because of the present uncertainty of wordwide conditions, it is impossible to determine at this time whether it will be more advisable for the proposed financing to be effected by means of an offering of debentures or preferred stock. It is not expected that both the types of securities will be registered, but that later either the debentures, or the preferred stock, will be sold to the public, and the other type of security will be eliminated from registration. Public offering price will be supplied by amendment

Proceeds will be used to pay $400,000 bank loans, reimburse company's treasury for expenditures made and to be made for plant, machinery and equipment during past and current years, and for working capital

Registration Statement No. 2-4924. Form A2. (12-29-41)

Company has filed an amendment with the SEC to its Dec. 29, 1941 registration statement, in which amendment the company disclosed that it has chosen to issue $1,500,000 of 10-year convertilbe sinking fund debentures, due Jan. 1, 1952, instead of the 30,000 shares of 5% cumulative convertible preferred stock, $50 par value. Amended registration statement also covered a maximum of 175,000 shares of common stock, $1 par value, to be reserved for issuance upon exercise of the conversion rights attached to the debentures. The debentures will first be offered for subscription, through rights, to common stockholders of record Jan. 23, 1942, pro rata, at a price to be supplied by amendment. The unsubscribed portion of the debentures will be offered to the public, at a price to be supplied by amendment, by the following underwriters: Eastman, Dillon & Co.; Kidder, Peabody & Co.; McDonald-Coolidge & Co.; Merrill Lynch, Pierce, Fenner & Beane; Hornblower & Weeks; Jackson & Curtis. The expiration date of the subscription offer will be furnished by later amendment

The debentures will be offered to common stockholders in ratio of $1.90 of debentures for each share of common stock held

Effective 4:45 p.m. E.S.T. on Feb. 2 as of 4:45 p.m. Jan. 17

Offered Feb. 10 at 100 and interest

FISHER BROTHERS CO.

Fisher Brothers Co. has filed a registration statement with the SEC for $1,000,000 of 15-year Sinking Fund Debentures, due 1957. Interest rate will be supplied by amendment to the registration statement.

Address—Cleveland, Ohio.

Business—Operates a chain of retail food stores.

Underwriting—Principal underwriter is Merrill Lynch, Pierce, Fenner & Beane; others will be named by amendment.

Offering—Public offering price of the Debentures will be supplied by amendment.

Proceeds will be applied toward the payment of all outstanding bank loans of the company.

Registration Statement No. 2-4932. Form A2 (1-22-42-Cleveland)

Effective 3:15 p.m. E.S.T. on Feb. 4, 1942

Offered Feb. 5 at 100 and int.

IOWA SOUTHERN UTILITIES CO. OF DELAWARE

Iowa Southern Utilities Co. of Del. has filed a registration statement with the SEC for $10,000,000 first mortgage 3½% bonds, due Dec. 1, 1971, and $5,160,000 of 4½% sinking fund debentures, due Dec. 1, 1971

Address—Centerville, Ia.

Business—Principal business of this public utility operating company is that of generating, distributing and selling electrical energy for light, heat and power, serving 134 communities at retail in 24 counties in the southern and southeastern parts of Iowa, Also, manufactures and sells artificial gas to several communities in that area, as well as steam heat

Underwriters—W. C. Langley & Co., New York, and Halsey, Stuart & Co., Inc., Chicago, are named principal underwriters; the names of the other underwriters will be furnished by later amendment to the registration statement

Offering—The bonds and debentures will be sold to the public, at prices to be supplied by amendment to the registration statement

Proceeds, together with other funds of the company will be used to redeem the following issues of bonds of the company: $10.000.000 first mortgage 4s, due May 1, 1970; $2,660,000 general mortgage sinking fund 4½s, due May 1, 1950; and $2,500,000 of 6% series A debentures, due May 1, 1950, requiring an aggregate of $15,854,700. exclusive of accrued interest on the bonds to be redeemed

Registration Statement No. 2-4921. Form A2. (12-27-41)

Amendment filed Jan 14, 1942 to defer effective date.

Iowa Southern Utilities Co. of Delaware has filed an amendment with the SEC to its registration statment originally filed Dec. 27, 1941. In this amendment, company states that it now proposes to offer to the public an issue of $5,000,000 of 4½% sinking fund debentures, due Dec. 1, 1971, instead of the originally proposed issuance of $10,000,000 of first mortgage 3½% bonds of 1971 and $5,160,000 of 4½% sinking fund debentures due Dec. 1, 1971. Proceeds from sale of the $5,000,000 of debentures will be used to retire the outstanding general mortgage 4½% sinking fund bonds of 1950 and the 6% Series A debentures. The first mortgage 4% bonds due 1970, now outstanding, will not be called for redemption.

Underwriters for the debentures are the same as originally announced, with exception that Glore, Forgan & Co. is replaced by Goldman, Sachs & Co., among the 15 underwriters forming the syndicate. The public offering price will be supplied by later amendment.

Offered Feb. 11 at 100 and int.

PIERCE BUTLER RADIATOR CORP.

Pierce Butler Radiator Corp. has **registered with SEC 120,000 shares 5% cumulative convertible preferred stock, $2.50 par value; and 120,000 shares of $1 par common stock, latter reserved for conversion upon issuance of the preferred**

Address—701 Nichols Ave., Syracuse, N. Y.

Business—Engaged in manufacture and sale of heating boilers and radiators, steam heating and high pressure boilers, Unaflow engines, radiator valves, boiler gauges and thermometers

Underwriters—None

Offering—The preferred stock **will be offered for subscription to stockholders, at par. Unsubscribed portion will be purchased by Max Kalter, director of company, on behalf of a syndicate which he represents. Subscription price is $2.50 per share**

Proceeds will be used for payment of certain outstanding bank loans and notes

Registration Statement No. 2-4865. Form A1. (10-23-41)

Effective Jan. 6, 1942 at 4:45 p.m. E.S.T.

Offered for subscription to stockholders of record Jan. 7 at $2.50 per share. Rights expired Feb. 5. Shares not subscribed for by stockholders have been taken up by Max Kalter

Following is a list of issues whose registration statements were filed less than twenty days ago. These issues are grouped according to the dates on which the registration statements will in normal course become effective, that is twenty days after filing except in the case of the securities of certain foreign public authorities which normally become effective in seven days.

These dates, unless otherwise specified, are as of 4:30 P.M. Eastern Standard Time as per rule 930(b).

Offerings will rarely be made before the day following.

THURSDAY, FEB. 12

RELIANCE ELECTRIC & MANUFACTURING CO.

Reliance Electric Manufacturing Co. filed registration statement with SEC for 7,500 shares of $5 Cumulative Convertible Preferred Stock, no par value; and 37,500 shares of common stock, $5 par value, the latter to be reserved for issuance upon exercise of the conversion privilege of the preferred stock.

Address—Cleveland, Ohio.

Business—Engaged in the manufacture and sale of electric motors, generators, motor-generator sets, mine motors, etc.

Underwriting and Offering—The preferred stock will be offered to the public; offering price and names of the underwriters will be supplied by later amendment.

Proceeds will be used to restore cash reserve of company, and for working capital.

Registration Statement No. 2-4933. Form A2 (1-24-42-Cleveland)

Amendment filed Feb. 5 naming Hayden, Miller & Co. as principal underwriter

SUNDAY, FEB. 15

KEYSTONE CUSTODIAN FUNDS, INC.

Keystone Custodian Funds, Inc., filed a registration statement with the SEC for 100,000 shares of Keystone Custodian Fund Full Certificates of Participation, Series "B-2"

Address—50 Congress St., Boston, Mass.

Business — Company is an investment trust; each Keystone Fund is a strict trust fund, operating under a trust agreement which specifies and controls each step in its operation

Underwriting and Offering—The Series "B-2" Certificates of Participation will be sold to the public at the market, the issue being sponsored by the depositor

Proceeds will be used for investment purposes

Registration Statement No. 2-4942. Form C-1 (1-27-42)

Keystone Custodian Funds, Inc., also filed a registration statement with SEC for 100.000 shares of Keystone Custodian Fund Full Certificates of Participation, Series "S-2," to be sold to the public at the market, and the proceeds to be used for investment purposes

Registration Statement No. 2-4943. Form C-1 (1-27-42)

MONDAY, FEB. 16

GENERAL FINANCE CORP.

General Finance Corp. filed registration statement with SEC for 176,854 shares common stock, $1 par

Address—184 W. Lake St., Chicago, Ill.

Business—Company and subsidiaries engaged principally in discounting installment notes receivable secured by automobile conditional sales contracts and chattel mortgages, and advancing funds to automobile dealers on their short-term interest bearing notes secured by automobiles. Due to recent prohibition of sale of new automobiles and new tires,, company proposes to amend its charter so as to broaden the scope of its authority to do business

Underwriting—None

Offering—The 176,854 shares of common stock are reserved for issuance upon the exercise of certain outstanding Common Stock Purchase Warrants, latter entitling holders thereof to purchase 176,854 shares of common stock of company at price of $4 per share, during period from Mar. 4, 1942 through Mar. 4, 1947.

Proceeds will be added to working capital

Registration Statement No. 2-4936. Form A2 (1-28-42)

LIBERTY AIRCRAFT PRODUCTS CORP.

Liberty Aircraft Products Corp. filed registration statement with SEC for 60,000 shares Cumulative Convertible Preferred Stock, no par (dividend rate to be supplied by amendment), and 120,000 shares $1 par value common stock, latter to be reserved for issuance upon exercise of conversion rights of the preferred stock

Address—Farmingdale, N. Y.

Business—Engaged in manufacture and processing of parts and equipment for aircraft to customers' specifications, upon order. Owns about 50% of the outstanding common stock of The Autocar Co., which is engaged chiefly in the manufacture and sale of medium and heavy-duty motor trucks

Offering—The preferred stock will be offered to the public at a price to be supplied by amendment; the proposed maximum offering price, based on the SEC filing fee, is $25 per share

Underwriting—E. H. Rollins & Sons, Inc., New York, is named principal underwriter; names of the other underwriters will be supplied by amendment.

Proceeds will be used to the extent of $900,000 toward part payment of outstanding bank loans, and the balance will be added to working capital

Registration Statement No. 2-4934. Form A2 (1-28-42)

TUNG GROVE DEVELOPMENT CO., INC.

Tung Grove Development Co., Inc., filed registration statement with the SEC for Contracts for sale of land and development of tung groves thereon, aggregating $450,000

Address—Ocala, Fla.

Business—Engaged in the planting, cultivation and care of tung groves on lands of others under contract or upon orders from such owners, in Marion and Citrus Counties, Fla. Business is now being expanded to include the purchase, sub-division and sale of lands in these counties for development in tung groves

Underwriting—Details of underwriting or distributing method to be employed, will be supplied by amendment

Offering—Company will offer, through the Contracts, land suitable for tung grove development, together with its contract for the clearing, planting and development of a tung grove thereon, in units of not less than 10 acres at a total price of $45 per acre, payable one-fourth down and the balance in 3 equal annual payments

Proceeds for working capital, as payment for land sold and for development work and materials

Registration Statement No. 2-4935. Form S2 (1-28-42)

TUESDAY, FEB. 17

TREASURE MOUNTAIN GOLD MINING CO.

Treasure Mountain Gold Mining Co. filed a registration statement with the SEC for 150,000 shares common stock, 25 cents par value

Address—Denver, Colo.

Business—Company has been organized to develop and operate gold and silver mines on Treasure Mountain, in San Juan County, Colo.

Underwriting—None

Offering—Company will sell such shares directly to the public, at a price of 50 cents a share

Proceeds will be used for working capital

Registration Statement No. 2-4937. Form S3 (1-29-42)

WEDNESDAY, FEB. 18

LIQUID CARBONIC CORP.

The Liquid Carbonic Corp. has filed a registration statement with the SEC for 30,000 shares of Cumulative Preferred Stock, Series A, $100 Par. The dividend rate will be supplied by amendment to the registration statement

Address—3100 S. Kedzie Ave., Chicago, Ill.

Business—Business now done by company and its subsidiaries consists of the manufacture and sale of consumable products (carbonic gas and dry ice; extracts used in preparation of beverages and food; oxygen, acetlyene and medical gases; and durable products (soda fountain bars, luncheonette equipment, ice cream cabinets, bottling equipment)

Underwriting — Principal underwriters are: Laird, Bissell & Meeds; Spencer Trask & Co.; Merrill Lynch, Pierce, Fenner & Beane, all of New York. Names of the other underwriters will be supplied by amendment

Offering—The preferred stock will be offered to the public, at a price to be announced in a later amendment to the registration statement

Proceeds will be used to extent of $700,000 toward the partial prepayment of an outstanding bank loan; remainder of the net proceeds will be added to company's working capital

Registration Statement No. 2-4938. Form A2 (1-30-42)

THURSDAY, FEB. 19

LERNER STORES CORP.

Lerner Stores Corp. has filed a registration statement with the SEC for $2,000,000 Ten Year Sinking Fund Debentures, due Jan. 1, 1952. Interest rate by amendment

Address—Baltimore, Md., and New York City

Business—This holding company operates, through its subsidiaries, a chain of 178 retail stores selling women's wearing apparel at moderate prices on a cash and carry basis

Underwriting — Merrill Lynch, Pierce, Fenner & Beane, of New York, are principal underwriters; others will be named by amendment

Offering—The Debentures will be offered to the public at a price to be supplied by amendment

Proceeds will be advanced to Associated Lerner Shops of America, Inc. (N. Y.), which will use the net proceeds so advanced as additional working capital or will advance all or a part thereof to other subsidiaries for use as additional working capital

Registration Statement No. 2-4939. Form A2 (1-31-42)

SATURDAY, FEB. 21

ATLANTIC CITY ELECTRIC CO.

Atlantic City Electric Co. filed a registration statement with the SEC for 62,000 shares of Cumulative Preferred Stock, $100 par; dividend rate will be furnished by amendment

Address—Atlantic City, N. J.

Business—This subsidiary of American Gas & Electric Co. is engaged in the generation, transmission, distribution and sale of electric energy in the southern part of New Jersey, including Atlantic City, and is also engaged in furnishing hot water heating service in a limited area in Atlantic City and steam for heating to two customers at its Atlantic City plant. About 99% of gross revenues are derived from electric service

Underwriting and Offering—As soon as practicable after the registration statement becomes effective, company proposes publicly to invite proposals for purchase of 49,000 shares of the new preferred stock, under competitive bidding rule of Holding Company Act. Provision is made that the remaining 13,000 shares of new preferred stock registered will be offered under an Exchange Offer, as follows: holders of the 26,283 shares of $6 preferred stock held by the public will be entitled to receive one share of new preferred stock for each share of $6 preferred stock exchange, plus an amount in cash per share equal to the excess of the redemption price of $120 per share of the $6 preferred stock, plus accrued dividends to the date of redemption, over the initial public offering price of the new preferred stock. The exchange offer will expire not later than the fifth day after such offer is made. Should holders of the $6 preferred stock held by the public take more than 13,000 shares of new preferred stock under the Exchange Offer, then the number of shares of new preferred stock to be sold under competitive bidding will be reduced by such excess; and if less than 13,000 shares of new preferred are taken under the Exchange Offer, then the successful competitive bidders will have the option to purchase the additional shares represented by such deficiency at the same price per share as they have bid for the other shares

Public offering price, and the names of the underwriters, will be supplied by amendment

Proceeds from sale of the 62,000 shares new preferred stock, plus a capital contribution in cash of $2,500,000 to be made to company by American Gas & Electric Co., the parent company, will be used for following purposes: $3,059,200 to purchase from American Gas & Electric Co. 30,592 shares of $6 preferred stock (at its cost); $3,153,960 to be deposited with the redemption agent, for the redemption of 26,283 shares of $6 preferred stock (to be called for redemption at $120 per share), outstanding in the hands of the public; $2,500,000 to discharge open account indebtedness to American Gas & Electric Co.; and the balance for corporate purposes

Registration Statement No. 2-4941. Form A2 (2-2-42)

UNION ELECTRIC CO. OF MISSOURI

Union Electric Co. of Missouri filed a registration statement with the SEC for 2,695,000 shares common stock, no par

Address—315 N. Twelfth Blvd., St. Louis, Mo.

Business—This subsidiary of The North American Co. is engaged primarily in the transmission, distribution and sale of electric energy, which it generates and purchases from its subsidiaries, serving the city of St. Louis, Mo., and portion of 5 adjacent Missouri counties and of 3 counties in Missouri adjacent to the company's Osage hydroelectric plant

Underwriting—Dillon, Reed & Co., New York, is named the principal underwriter. Names of the other underwriters will be supplied by amendment

Offering—The 2,695,000 shares of company's common stock are outstanding and are owned by its parent, The North American Co., who will receive the entire proceeds from the sale to the public of such shares

Registration Statement No. 2-4940. Form A2 (2-2-42)

Union Electric Co. of Missouri, on Feb. 9, 1942 filed an amendment to its registration statement, naming the underwriters, 141 in all, who will publicly offer the 2,695,000 shares (no par) common stock, all of which are owned by its parent company, The North American Co. Such underwriters, and the maximum number of shares of such common stock which each has agreed to purchase, are as follows:

	Shares
Dillon, Read & Co.	129,360
A. C. Allyn & Co., Inc.	24,255
Almstedt Brothers	2,695
Auchincloss, Parker & Redpath	5,390
Bacon, Whipple & Co.	5,390
Baker, Watts & Co.	5,390
Baker, Weeks & Harden	5,390
Ball, Coons & Co.	2,695
Bankamerica Co.	5,390
Bankers Bond & Securities Co.	2,695
Battles & Co., Inc.	2,695
Bear, Stearns & Co.	5,390
A. G. Becker & Co., Inc.	10,780
Blair, Bonner & Co.	2,695
Blair & Co., Inc.	13,475
Blyth & Co., Inc.	102,410
Bodell & Co., Inc.	8,085
Bond & Goodwin, Inc.	2,695
Y. E. Booker & Co.	2,695
Bosworth, Chanute, Loughridge & Co.	2,695
Alex. Brown & Sons	10,780
Burr & Co., Inc.	2,695
H. M. Byllesby & Co., Inc.	2,695
Frank B. Cahn & Co.	2,695
Central Republic Co.	24,255
Childress & Co.	2,695
Clark, Dodge & Co.	18,865
E. W. Clark & Co.	5,390
Coffin & Burr, Inc.	43,120
Cooley & Co.	2,695
Crago, Smith & Canavan	5,390
Curtiss, House & Co.	2,695
J. M. Dain & Co.	2,695
R. S. Dickson & Co., Inc.	5,390
Dominick & Dominick	53,900
Drexel & Co.	21,560
Eastman, Dillon & Co.	13,475
Eckhardt-Peterson & Co., Inc.	2,695
A. G. Edwards & Sons	8,085
Equitable Securities Corp.	5,390
Estabrook & Co.	13,475
Ferris Exnicios & Co., Inc.	2,695
First Boston Corp.	107,800
First of Michigan Corp.	8,085
Folger, Nolan & Co., Inc.	8,085
Francis, Bro. & Co.	18,865
Gatch Bros., Jordan & McKinney, Inc.	13,475
Glenny, Roth & Doolittle	2,695
Glore, Forgan & Co.	53,900
Goldman, Sachs & Co.	53,900
Graham, Parsons & Co.	13,475
Granbery, Marache & Lord	2,695
Green, Ellis & Anderson	5,390
Hallgarten & Co.	5,390
Harriman Ripley & Co., Inc.	83,545
Harris, Hall & Co., Inc.	24,255
Hawley, Shepard & Co.	2,695
Hayden, Miller & Co.	5,390
Hayden, Stone & Co.	8,085
Hemphill, Noyes & Co.	18,865
Hill Brothers	10,780
J. J. B. Hilliard & Son	2,695
Hirsch, Lilienthal & Co.	5,390
Hornblower & Weeks	10,780
E. F. Hutton & Co.	8,085
W. E. Hutton & Co.	10,780
Illinois Co. of Chicago	5,390
Jackson & Curtis	10,780
Johnston, Lemon & Co.	8,085
Edward D. Jones & Co.	8,085
Kidder, Peabody & Co.	43,120
Kuhn, Loeb & Co.	102,410
Ladenburg, Thalmann & Co.	43,120
W. W. Lanahan & Co.	2,695
W. C. Langley & Co.	43,120
Lazard Freres & Co.	24,255
Lee Higginson Corp.	24,255
Carl M. Loeb, Rhoades & Co.	2,695
Loewi & Co.	2,695
Mackubin, Legg & Co.	2,695
Laurence M. Marks & Co.	13,475
Mason-Hagan, Inc.	2,695
McCourtney-Breckenridge & Co.	2,695
McDonald-Coolidge & Co.	5,390
Mellon Securities Corp.	83,545
Merrill Lynch, Pierce, Fenner & Beane	16,170
Merrill, Turben & Co.	2,695
Metropolitan St. Louis Co.	16,170
Milwaukee Co.	5,390
Mitchum, Tully & Co.	10,780
Moore, Leonard & Lynch	5,390
Morgan Stanley & Co.	107,800
F. S. Moseley & Co.	24,255
Maynard H. Murch & Co.	2,695
G. M.-P. Murphy & Co.	10,780
Newhard, Cook & Co.	24,255
Newton, Abbe & Co.	5,390
The Ohio Co.	2,695
Otis & Co.	8,085
Pacific Co. of California	2,695
Page, Hubbard & Asche	2,695
Paine, Webber & Co.	10,780
Piper, Jaffray & Hopwood	5,390
Putnam & Co.	8,085
Rauscher, Pierce & Co., Inc.	5,390
Reinholdt & Gardner	10,780
Reynolds & Co.	5,390
Riter & Co.	24,255
Robinson, Rohrbaugh & Lukens	2,695
E. H. Rollins & Sons, Inc.	43,120
L. F. Rothschild & Co.	10,780
Schoellkopf, Hutton & Pomeroy, Inc.	8,085
Schwabacher & Co.	8,085
Chas. W. Scranton & Co.	8,085
Shields & Co.	83,545
I. M. Simon & Co.	13,475
Singer, Deane & Scribner	5,390
Smith, Barney & Co.	83,545
Smith, Moore & Co.	13,475
William R. Staats Co.	8,085
Starkweather & Co.	2,695
Stein Bros. & Boyce	5,390
Stern Brothers & Co.	10,780
Stern, Wampler & Co., Inc.	8,085
Stifel, Nicolaus & Co., Inc.	24,255
Stix & Co.	18,865
Stone & Webster and Blodget, Inc.	83,545
Stroud & Co., Inc.	5,390
Lowry Sweeney, Inc.	2,695
Spencer, Trask & Co.	83,545
Tucker, Anthony & Co.	24,255
Union Securities Corp.	102,410
G. H. Walker & Co.	83,545
Wells-Dickey & Co.	5,390
Whitaker & Co.	16,170
White, Weld & Co.	16,170

Calendar of New Security Flotations

Whiting, Weeks & Stubbs, Inc.	8,085
O. H. Wibbing & Co.	2,695
The Wisconsin Co.	24,255
Dean Witter & Co.	43,120
Harold E. Wood & Co.	5,390

SUNDAY, MARCH 1

GROUP SECURITIES, INC.

Group Securities, Inc., has filed a registration statement with the SEC for 5,620,000 shares of capital stock, 1 cent par value

Address—1 Exchange Pl., Jersey City, N. J.

Business—Company is a mutual investment company

Underwriting and Offering—The shares registered will be sold to the public at asset value plus a distribution charge; Distributors Group, Inc., is the underwriter

Proceeds will be used for investment purposes

Registration Statement No. 2-4944. Form A-1 (2-10-42)

DATES OF OFFERING UNDETERMINED

We present below a list of issues whose registration statements were filed twenty days or more ago, but whose offering dates have not been determined or are unknown to us.

AIR ASSOCIATES, INC.

Air Associates, Inc., registered with SEC 50,000 shares $1.37½ Cumulative Convertible Preferred Stock, no par; and maximum of 100,000 shares $1 par common stock, latter reserved for issuance upon conversion of the preferred.

Address—Bendix Airport, Bendix, N. J.

Business—Company is manufacturer and distributor of airplane parts, equipment, material, supplies and accessories.

Underwriter—White, Weld & Co., New York, is principal underwriter; others to be named by amendment. Underwriting commission is $2.25 per share.

Offering—Preferred stock to be offered amendment.

Proceeds—$300,000 to prepay outstanding bank loans; $200,000 for purchase of additional machinery; balance for plant additions and working capital.

Registration Statement No. 2-4851. Form A-2. (9-27-41).

The company has filed an amendment to its registration statement with the Securities and Exchange Commission disclosing that its 50,000 shares of $1.37½ cumulative convertible preferred stock will be offered to the public by the following underwriters:

	Shares
White, Weld & Co.	12,500
Jackson & Curtis	10,000
Merrill, Lynch, Pierce, Fenner & Beane	10,000
Stern, Wampler & Co.	5,000
E. H. Rollins & Sons	4,000
Pacific Co. of California	4,000
Mitchum, Tully & Co.	1,500
Cohu & Torrey	1,000
Fuller, Cruttenden & Co.	1,000
Vietor Common & Co.	1,000

Amendments filed Nov. 25, Dec. 13, Dec. 30, 1941 and Jan. 16, 1942 to defer effective date

Registration Statement withdrawn Feb. 3, 1942

AMERICAN BAKERIES CO.

American Bakeries Co. registered 15,000 shares Class B no par common stock

Address—No. 520 Ten Pryor St. Bldg. Atlanta, Ga.

Business—Manufacturing and distributing bakery products in souther states

Underwriter—None named

Offering—Stock will be offered to public at price to be filed by amendment

Proceeds—All proceeds will be received by L. A. Cushman, Jr., chairman of board of company, for whose account the stock will be sold

Registration Statement No. 2-4714. Form A-2. (3-28-41)

Proposed offering as amended Dec. 10, 1941, 9,000 shares at $54.25 per share

Amendments filed Nov. 21, Dec. 8, and Dec. 26, 1941, to defer effective date

Amendments filed Nov. 21, Dec. 8, Dec. 26, 1941, Jan. 12, Jan. 29, and Feb. 7, 1942 to defer effective date

BEAR MINING AND MILLNG COMPANY

Bear Mining and Milling Co. registered 153,145 shares of common stock, $1 par

Address — 513 Majestic Bldg., Denver, Colo.

Business—Mining and milling

Underwriter—None

Offering—Stock will be offered publicly at $1 per share, selling commission, 35%

Proceeds — For development equipment and operation mining property near Breckenridge, Colo.

Registration Statement No. 2-4571. Form A-1. (11-12-40)

Amendments filed Dec. 3, Dec. 31, 1941 and Jan. 19, 1942 to defer effective date

CHAMPION PAPER & FIBRE CO.

Champion Paper & Fibre Co. registered with SEC $8,500,000 of first mortgage bonds, due Nov. 1, 1956 (interest rate to be filed by amendment); 40,000 shares $6 cumulative convertible preferred stock, no par; and an indeterminable number of shares of no par common stock, to be reserved for issuance upon conversion of the preferred stock

Address—Hamilton, O.

Business—Largest domestic manufacturer of the types of paper known in the trade as white papers and book papers, and is one of the largest domestic manufacturers of coated papers

Underwriters are W. E. Hutton & Co and Goldman, Sachs & Co., both of New York, N. Y.

Offering—The bonds and preferred stock will be offered to the public, at prices to be supplied by amendment

Proceeds will be used to redeem the outstanding aggregate of $8,660,000 of 4¾% sinking fund debentures ($4,125,000 principal amount due 1950, at 104½; $4,535,000 principal amount of the 1938 Issue at 102¼), requiring $8,947,663. Balance of net proceeds will be added to working capital

Registration Statement No. 2-4867. Form A2. (10-25-41)

Amendment Filed—Company has filed an amendment with the SEC to its registration statement disclosing that the bonds would bear interest at the rate of 3½% per annum. The public offering price of the bonds and the preferred stock will be supplied by later amendment

Also disclosed in the amendment is the names of the underwriters for the bonds and preferred stock, together with the amount of each issue underwritten by each, as follows (all of New York City, unless otherwise indicated):

	Prin. amt. of bonds	No. of shs. of pref. stk.
W. E. Hutton & Co.	$1,700,000	8,000
Goldman, Sachs & Co.	1,700,000	8,000
R. S. Dickson & Co.	127,000	600
Drexel & Co., Phila.	425,000	2,000
Field, Richards & Co., Cincinnati	85,000	400
First Boston Corp.	425,000	2,000
Harriman Ripley Co.	425,000	2,000
Hemphill, Noyes Co.	255,000	1,200
Hornblower & Weeks	340,000	1,600
Johnson, Lane, Space & Co., Savannah	85,000	400
Kidder, Peabody Co.	765,000	3,600
Kuhn, Loeb & Co.	850,000	4,000
W. C. Langley & Co.	340,000	1,600
Lee Higginson Corp.	511,000	2,400
Piper, Jaffray & Hopwood, Minneapolis	127,000	600
White, Weld & Co.	340,000	1,600

Amendments filed Dec. 9, Dec. 27, 1941, Jan. 13 and Jan. 30, 1942, to defer effective date

COLUMBIA GAS & ELECTRIC CORP.

Columbia Gas & Electric Corp. registered $28,000,000 serial debentures, due 1942 to 1951, and $92,000,000 sinking fund debentures due 1961

Address—61 Broadway, N. Y. C.

Business—Public utility holding company

Offering—Both issues will be publicly offered at prices to filed by amendment

Proceeds—To redeem $50,000,000 Deb 5s 1952; $4,750,700 Deb. 5s, due April 15, 1952; $50,000,000 Deb. 5s, 1961; to purchase $3,750,000 4% guaranteed serial notes due 1942-46 of Ohio Fuel Gas Co., a subsidiary, and $3,750,000 guaranteed serial notes of United Fuel Gas Co., a subsidiary, from the holders thereof; and to make a $3,402,090 capital contribution to Cinn., Newport & Covington Ry Co. to enable that Company to redeem its outstanding $3,303,000 1st & Ref. 6s, 1947

Registration Statement No. 2-4736. Form A-2. (4-10-41)

Amendments filed Nov. 18, Dec. 6, Dec. 24, 1941, Jan. 12 and Jan. 31, 1942, to defer effective date

ELMORE OIL CORP.

Elmore Oil Corp. registered with SEC 14,000 shares common stock, $5 par value of which 1,376 shares have been sold heretofore and rescission offer is made

Address — Stevens-Harle Bldg., Durant, Okla.

Business—Engaged in the oil business, buying, selling oil and/or gas leases; owns and operates certain oil and gas leases and equipment in Brown and Jack Counties, Tex.

Underwriters—None

Offering—The shares will be offered to the public direct by company, at $5 per share

Proceeds will be used for drilling of 5 additional wells, the equipping of a certain lease, and for working capital

Registration Statement No. 2-4864. Form A-1. (10-21-41)

Hearing on suspension of registration statement postponed from Dec. 22 to Jan. 6, 1942

Registration Statement withdrawn Jan. 12, 1942 and stop order proceedings discontinued

Effective 4:45 p.m. EST on Jan. 6, 1942

FLORIDA POWER & LIGHT CO.

Florida Power & Light Co. registered with SEC $45,000,000 First Mortgage bonds, due Oct. 1, 1971; $10,000,000 Sinking Fund Debentures, due Oct. 1, 1956; and 140,000 shares Cumulative Preferred Stock, $100 Par. Interest rates on the Bonds and Debentures, and the dividend rate on the preferred stock, will be supplied by amendment

Address—25 S. E. Second Ave., Miami, Fla.

Business—This subsidiary of American Power & Light (Electric Bond & Share System) is an operating public utility engaged principally in generating, transmitting, distributing and selling electric energy (also manufacture and sale of gas), serving most of the territory along the east coast of Florida (with exception of the Jacksonville area), and other portions of Florida

Underwriting and Offering—The securities registered are to be sold by company under the competitive bidding Rule U-50 of the SEC's Public Utility Holding Company Act. Names of underwriters and price to public, will be supplied by post-effective amendment to registration statement

Proceeds will be applied as follows: $53,170,000 to redeem at 102¼, the $52,000,000 of company's First Mortgage 5s of 1954; $15,693,370 to redeem at $110 per share, the 142,667 shares of company's $7 preferred stock, no par. Further details to be supplied by post-effective amendment

Registration Statement No. 2-4845. Form A2. (9-17-41)

Amendments filed Nov. 27, Dec. 15, 1941, Jan. 2, Jan. 20, and Feb. 6, 1942 to defer effective date

HAMILTON WATCH CO.

Hamilton Watch Co. filed registration statement with SEC for 39,382 shares 4½% cumulative preferred stock, $100 par

Address—Lancaster, Pa.

Business — Company manufactures and sells various models of high grade (17 to 23 jewel) pocket and wrist watches for men and wrist watches for women

Underwriting and Offering—Company is making a conditional offer to holders of its 32,054 shares of outsanding 6% preferred stock of the privilege of exchanging such stock for 33,054 of the 39,382 shares of 4½% preferred stock on basis of one share of 4½% preferred stock, plus $1.50 (equal to current quarterly dividend payable March 1, 1942, on one share outstanding 6% preferred stock), plus an unstated amount (difference between the public offering price of one share 4½% preferred stock and $105, the redemption price of the 6% preferred), for each share of outstanding 6% preferred stock. Exchange offer expires Jan. 22, 1942. Any shares of 4½% preferred not issued under the exchange offer, plus the 6,328 shares not reserved for such exchange offer, will be offered to the public, at a price to be supplied by amendment. Harriman Ripley & Co., Inc., Philadelphia, is named principal underwriter; other underwriters will be supplied by amendment.

Proceeds will be used to redeem, on March 1, 1942, at $105 per share, all outstanding 6% preferred stock; balance for expenditures in connection with construction and equipment of plant additions

Registration Statement No. 2-4926. Form S2 (12-30-41)

Amendment filed Jan. 29, 1942 to defer effective date

HASTINGS MANUFACTURING CO.

Hastings Manufacturing Co. registered with SEC 140,400 shares common stock, $2 par value

Address—Hastings, Mich.

Business—Manufactures and sells piston rings and expanders

Underwriters—Schroder, Rockefeller & Co., Inc., are principal underwriters. Other underwriters are Smith, Hague & Co. and Carlton M. Higbie Corp., Detroit, Mich.

Offering—23,100 shares are unissued and are to be offered to the public for the account of the company; remaining 117,300 shares are outstanding and are to be sold to public for account of certain selling stockholders

Proposed offering as amended: 23,100 shares by company, 105,756 shares by certain stockholders

Public offering price is $9.50 per share

Proceeds to company will be used for general corporate purposes, including purchase of new equipment and for working capital

Registration Statement No. 2-4890. Form A2. (11-19-41 Cleveland)

Amendments filed Jan. 8 and Jan. 24, 1942 to defer effective date

ILLINOIS COMMERCIAL TELEPHONE CO

Illinois Commercial Telephone Co. registered with SEC $5,750,000 of first mortgage 3⅜% bonds, due Oct. 1, 1971; and 24,000 shares of $5 cumulative preferred stock no par

Address—607 E. Adams St., Springfield, Ill.

Business—This subsidiary of General Telephone Co. is engaged in providing, without competition, telephone service to 180 communities and surrounding territories in Illinois, including Kewanee, Monmouth, Macomb, Lincoln, Belvidere, Harrisburg, Olney, Mendota and Mt. Carmel

Underwriters, and amount of bonds and preferred stock underwritten by each, follow:

	Amt. of Bonds	No. of Shs. of pfd. stk.
Bonbright & Co., Inc., New York	$2,875,000	12,000
Paine, Webber & Co., New York	2,156,000	9,000
Mitchum, Tully & Co., Los Angeles	719,000	3,000

Offering—Bonds and preferred stock to be offered to the public at a price to be supplied by amendment to the registration statement

Proceeds from sale of the bonds and preferred stock, together with $105,000 received from sale of 7,000 additional shares common stock, will be used in part to retire following securities of company: $5,750,000 First Mortgage Series A 3¾% bonds, due June 1, 1970, at 105½; 17,098 shares $6 preferred stock, at $110 per share; 1,108 shares $6 preferred stock owned by parent company, at latter's cost Balance of net proceeds will be used to purchase from General Telephone Corp the outstanding capital stocks of Central Illinois Telephone Co. and Illinois Standard Telephone Co., to make additions and betterments to company's plant and property, and for other corporate purposes

Registration Statement No. 2-4866. Form A2. (10-24-41)

Amendments filed Nov. 26, Dec. 15, 1941, Jan. 2, Jan. 21 and Feb. 7, 1942 to defer effective date

INTER-MOUNTAIN TELEPHONE CO.

Inter-Mountain Telephone Co. filed registration statement with SEC for 25,000 shares common stock, voting, $10 par value

Address—Sixth and Crumley Sts., Bristol, Tenn.

Business—Supplies telephone service in portions of Virginia and Tennessee

Underwriters—Alex. Brown & Sons, Baltimore; Mason-Hagan, Inc., Richmond, Va.; Stern, Wampler & Co., Inc., Chicago; Equitable Securities Corp., Nashville, Tenn.; Courts & Co., Atlanta, Ga.; R. S. Dickson & Co., Inc., Charlotte, N. C.; Minnich, Wright & Co., Inc., Bristol, Tenn.

Offering—The 25,000 shares of common stock will be offered to the public, at a price to be supplied by amendment to registration statement. The shares are to be offered for the account of the underwriters, who are to acquire such shares as follows: Southern Bell Telephone & Telegraph Co. and Chesapeake & Potomac Telephone Co. of Virginia, have agreed to sell to above underwriters, a total of 25,000 shares of 6% non-cumulative convertible preferred stock, $10 par, of company, at a price to be supplied by amendment (20,665 shares of such preferred to be sold by former, 4,335 shares by latter). Underwriters agree that immediately following delivery to them of such shares of preferred stock, each will convert same, share for share, into a total of 25,000 shares of common stock of company

Proceeds will be received by the underwriters

Registration Statement No. 2-4908. Form A2. (12-6-41)

Amendments to defer effective date filed Dec. 22, 1941, Jan. 9 and Jan. 27, 1942

LA CROSSE TELEPHONE CORP.

La Crosse Telephone Corp. registered 32,080 shares of common stock, $10 par

Address—La Crosse, Wisconsin

Business—Telephone service to La Crosse Wis.

Underwriter—Alex. Brown & Sons

Offering—All stock registered will be publicly offered at price to be filed by amendment, except that 2,406 shares will be sold to Central Electric & Telephone Co.

Proceeds—Stock registered is owned by parent company, Middle Western Telephone Co., which will donate a portion to La Crosse Telephone Corp. and latter will use proceeds to retire outstanding preferred stock

Registration Statement No. 2-4717. Form A-2. (3-29-41)

Amendments filed Nov. 19, Dec. 8, Dec. 26, 1941, Jan. 14 and Feb. 2, 1942, to defer effective date

McDONNELL AIRCRAFT CORP.

McDonnell Aircraft Corp. registered with SEC 6,453⅛ shares 6% Non-Cumulative Convertible Preferred Stock, $100 par, and 129,063⅓ shares common stock, $1 par

Address — Lambert-St. Louis Municipal Airport, Robertson, Mo.

Business—Engaged in designing and de- and selling parts for aircraft; expects presently to engage in business of manufacturing, testing and selling aircraft

Underwriting—None. Securities to be offered by company

Offering—Of the shares registered, the 6,453⅛ shares of preferred and 64,531⅔ shares of common, will be offered to public in units each unit consisting of one share of preferred and 10 shares of common stock, at price of $140 per unit. Remaining 64,531⅔ shares common reserved for issuance on conversion of the preferred

Proceeds for working capital, purchase of tools, machinery and equipment.

Registration Statement No. 2-4844. Form A-1. (9-17-41)

Effective—4:45 P.M., E.S.T., on Oct. 8 1941 as of 4:45 P.M., E.S.T., Oct 6, 1941

MERCHANTS & MANUFACTURERS SECURITIES CO.

Merchants & Manufacturers Securities Co. has filed a registration statement with the SEC for $1,081,000 of 10-year 4½% debentures, due Sept. 1, 1950

Address—231 South La Salle St., Chicago, Ill.

Business—Through its subsidiaries, is engaged in the small loans business

Underwriting and Offering—The debentures are outstanding in the hands of the public and have been registered with SEC under Securities Act of 1933 solely for the purpose of obtaining the assent of the holders of not less than a majority in principal amount thereof to modify certain provisions of the indenture under which the debentures have been issued. Smith, Burris & Co., Chicago, is to assist company in obtaining such assents. Major modification of indenture being sought is to permit release from covenants thereof of not to exceed 62,484 shares of common stock of Domestic Finance Corp. now owned by Merchants & Manufacturers Securities Co. It is present intention of company to dispose of such shares either in exchange for or to utilize the proceeds of the sale thereof for the purchase of shares of participating preferred stock of the company

Registration Statement No. 2-4912. Form A2. (12-12-41)

Amendments filed Dec. 27, 1941 and Jan. 13, 1942, to defer effective date

Registration Statement withdrawn Jan. 22, 1942

MILLER TOOL & MFG. CO.

Miller Tool & Manufacturing Co. has filed a registration statement with the SEC for 92,792 shares of common stock, $1 par value

Address—Detroit, Mich.

Business—Company is engaged in the manufacture and sale of service tools for use by the automotive industry

Underwriters—Baker, Simonds & Co., is named the principal underwriter

Offering—24,875 shares of common stock will be sold to the public for the account of the company; the remaining 67,917 shares registered are already issued and outstanding, and will be sold to the public for the account of certain selling stockholders. The public offering price is $4.20 per share

Proceeds will be used for the purchase of machinery and equipment and for working capital

Registration Statement No. 2-4920. Form S2. (12-26-41 Cleveland)

Amendments filed Jan. 10 and Jan. 26, 1942 to defer effective date

NORTHERN NATURAL GAS CO.

Northern Natural Gas Co. registered 710,500 shares of common stock, $20 par

Address — Aquila Court Bldg., Omaha Nebraska

Business—Production and transmission of natural gas

Underwriter—Blyth & Co., and others to be named by amendment

Offering—Stock will be publicly offered at price to be filed by amendment

Proceeds—All proceeds will be received by selling stockholders, United Light & Railways Co., and North American Light and Power Co.

Registration Statement No. 2-4741. Form A-2. (4-21-41)

Northern Natural Gas Co. filed an amendment to its registration statement of shares of its $20 par value common stock proposed to be offered to the public has been reduced from 710,500 shares to 355,250 shares. According to the amendment, such 355,250 shares are those that are presently owned, and outstanding, by North American Light & Power Co., and are to be offered to public for the account of American Light & Power Co.

The 355,250 additional shares orginally registered with the SEC on April 21, 1941, for public offering, and withdrawn from registration were subsequently registered and became effective. These shares constituted the stock outstanding and owned by United Light & Railways Co., a subsidiary of United Light & Power Co.

PENNSYLVANIA ELECTRIC CO.

Pennsylvania Electric Co. registered with SEC $32,500,000 first mortgage bonds, due Jan. 1, 1972, and 34,000 shares Series A cumulative preferred stock, $100 par. The interest rate on the bonds and the dividend rate on the preferred stock, will be supplied by amendment to the registration statement

Address—222 Levergood St., Johnstown, Pa.

Business—This company, controlled by Trustees of Associated Gas & Electric Corp., is engaged chiefly in the production, purchase, transmission, distribution and sale of electricity for lighting, heating, industrial and general utility purposes, serving a territory in Western Pennsylvania extending from the Md.-Pa. State line northerly to Lake Erie

Underwriting and Offering—The bonds and preferred stock will be sold by company under competitive bidding rule U-50 of SEC's Public Utility Holding Company Act. Names of underwriters and public offering prices will be supplied by amendment to registration statement. The Invitations to bid for the securities specify that the company is to receive not less than 103 for the bonds and not less than $100 per share for the preferred stock

Proceeds will be used to redeem all of the outstanding funded debt of the company and Erie Lighting Co. and for property additions

Registration Statement No. 2-4929. Form A2 (1-9-42)

PUBLIC SERVICE CO. OF INDIANA, INC.

Public Service Co. of Indiana, Inc., registered with SEC $42,000,000 first mortgage series D 3⅜% bonds, due Dec. 1, 1971

Address—110 N. Illinois St., Indianapolis, Ind.

Business—Incorporated in Indiana on Sept. 6, 1941, as result of consolidation of Public Service Co. of Indiana, Central Indiana Power Co., Northern Indiana Power Co., Terre Haute Electric Co. and Dresser Power Corp. Company is a public utility operating in State of Indiana and is engaged principally in production, generation, manufacture, purchase, transmission, supply distribution and sale of electric energy and gas, and in the supply, distribution and sale of water.

Underwriting and Offering—The bonds will be sold under the competitive bidding Rule U-50 of the SEC's Public Utility Holding Company Act. Names of underwriters, and public offering price, will be supplied by post-effective amendment to registration statement

Proceeds, plus other funds of company if necessary will be applied to redemption, within 40 days after issuance of the bonds, of the $38,000,000 of Public Service Co. of Indiana first mortgage series A 4% bonds, due Sept. 1, 1969, at 106½ and accrued interest; and $4,000,000 of the net proceeds will be deposited with the trustee under the series D indenture and will be used in accordance with the provisions of the indenture

Registration Statement No. 2-4893. Form A2. (11-22-41)

Effective—10 a.m. E.S.T. on Dec. 6, 1941

No bids for the purchase of the bonds were received on Dec. 16, 1941

SCHENLEY DISTILLERS CORP.

Schenley Distillers Corp. filed a registration statement with the SEC for $10,000,000 10-year sinking fund debentures, due Jan. 1, 1952, and $17,500,000 15-year sinking fund debentures, due Jan. 1, 1957. Interest rates will be supplied by amendment to registration statement

Address—350 Fifth Ave., New York City

Business—Company and its subsidiaries are engaged generally in the distilling, blending, rectifying, producing, warehousing, bottling, buying, selling, exporting and importing alcoholic products for beverage purposes, principal business being production and sale of rye, bourbon and blended whiskies in the United States

Underwriting—Mellon Securities Corp., Pittsburgh, is named principal underwriter; names of others will be supplied by amendment

Offering—The debentures will be offered to the public, at a price to be supplied by amendment

Proceeds from sale of the debentures, together with the net proceeds of unstated amount of short-term bank loans to be procured by company prior to or concurrently with the issue of the debentures, will be applied to payment of all the present bank loans of company. Amount of such bank loans outstanding on Aug. 31, 1941, was $24,000,000

Registration Statement No. 2-4925. Form A2. (12-30-41)

Amendment filed Jan. 13, disclosing a coupon rate of 3¼% for the $10,000,000 10-year sinking fund debentures, and a coupon rate of 4% for the $17,500,000 15-year sinking fund debentures

The amendment named the underwriters of the issues as follows: Mellon Securities Corp.; Alex Brown & Sons; A. C. Allyn & Co.; Bear, Stearns & Co.; Blair & Co.; Blyth & Co.; Bonbright & Co.; Central Republic Co.; Dean Witter & Co.; Dillon, Read & Co.; Eastman, Dillon & Co.; Emanuel & Co.; Estabrook & Co.; the First Boston Corp.; Hallgarten & Co.; Harris, Hall & Co.; Hayden, Miller & Co.; Hemphill, Noyes & Co.; J. J. B. Hilliard & Son; W. E. Hutton & Co.; Jackson & Curtis; Kidder, Peabody & Co.; Kuhn, Loeb & Co.; Lazard

Freres & Co.; Lee Higginson Corp.; Carl H. Loeb, Rhoades & Co.; Laurence H. Marks & Co.; Merrill Lynch, Pierce, Fenner & Beane; Moore, Leonard & Lynch; F. S. Moseley & Co.; Paine, Webber & Co.; Parrish & Co.; E. H. Rollins & Sons; Riter & Co.; Schwabacher & Co.; Shields & Co.; Singer, Deane & Scribner; Stein Brothers & Boyce; Stone & Webster and Blodgett; Stroud & Co.; Tucker, Anthony & Co.; Union Securities Corp.; Wertheim & Co., and Whiting Weeks & Stubbs

Amendment filed Jan. 31, 1942 to defer effective date

SOUTH CAROLINA INSURANCE CO.

South Carolina Insurance Co. registered with SEC 12,500 shares common stock, $8 par value

Address—1400 Main St., Columbia, S. C.

Business—Engaged principally in the writing of fire insurance

Underwriting and Offering—The shares will first be offered for subscription to present stockholders, under their preemptive rights, at price of $16 per share. Unsubscribed portion of such shares will be offered to public at $18 per share, within 30 days after effective date of registration statement. Underwriters will be named by amendment; underwriting commission will be $2 per share

Proceeds will go directly to capital ($100,000) and the residue to surplus. Company deems it essential to comply with laws of New York State, soon to become effective requiring a minimum capital of $250,000 and with the laws of Massachusetts requiring a minimum capital of $300,000

Registration Statement No. 2-4898. Form A2. (11-27-41)

Amendments filed Dec. 16, 1941, Jan. 3 and Jan. 22, 1942 to defer effective date

R. L. SWAIN TOBACCO CO., INC.

R. L. Swain Tobacco Co., Inc., filed a registration statement with the SEC for 5,000 shares Class A common stock, $1 par value, and 60,000 shares Class B common stock, $1 par value

Address—Danville, Va.

Business—Company markets Panax Processed Pinehurst cigarettes, manufactured for company under its Panax Process by Axton-Fisher Tobacco Co., Inc. The Panax Process acts as a hygroscopic or moisture retaining agent. Panax is a demulcent—soothes the membranes of the throat, and is tasteless and oderless

Underwriting and Offering—The shares will be offered to the public at a price of $5 each for each class of stock, by John W. Yeaman, Martinsville, Va.

Proceeds will be used for plant additions, for purchase of additional equipment, and for working capital

Registration Statement No. 2-4928. Form A1 (1-9-42)

TEXAMERICA OIL CORP.

Texamerica Oil Corp. registered with SEC 119,891 shares common stock, $2 par.

Address — Milam Bldg., San Antonio Tex.

Business—Engaged in production and marketing of crude oil, acquire mineral leasehold interests in producing or proven oil properties in Texas, drilling of oil wells thereon, acquire royalty interests in proven and developed oil properties.

Underwriter—Willard York Co., San Antonio, Tex., has agreed to purchase 44,750 shares at $1.75 per share and 74,157 shares at $2. from company.

Offering—118,907 shares to be offered to public at $2.375 per share; remaining 984 shares registered constitute shares issued July 1, 1941, by company, as dividends.

Proceeds—Will be used to pay outstanding mortgage indebtedness ($200,000), and remaining $26,626 will be added to working capital

Registration Statement No. 2-4824 Form A-1. (8-27-41)

UNION LIGHT, HEAT AND POWER COMPANY

Union Light, Heat and Power Co. registered 25,000 shares $100 par common stock

Address—4th & Main St., Cincinnati Ohio

Business — Operating electric utility company

Underwriter — Columbia Gas & Electric Corp.

Offering—Stockholders will receive offer to subscribe to 25/94ths of one common share in units of 5/94ths of a share for each 5/94ths of a share held at $5.32 for each unit. On a share basis, stockholders may subscribe to 5 new shares for each share held at $100.016 per share Substantially all outstanding stock is held by Columbia Gas & Electric Corp.

Proceeds—To repay current debt and $2,835,000 first mortgage bonds held by parent and associated companies, and for construction costs

Registration Statement No. 2-4379. Form A-2 (3-30-40)

Amendments filed Nov. 25, Dec. 13, Dec. 31, 1941, Jan. 19 and Feb. 7, 1942 to defer effective date

VIRGINIA PUBLIC SERVICE CO.

Virginia Public Service Co. filed a registration statement with the SEC for: $22,800,000 first mortgage 3½% bonds, due Dec. 1, 1971; $5,700,000 of 2%-3½% serial notes, due semi-annually June 1, 1944-Dec. 1, 1951, in varying amounts (from $320,000 to $390,000); 70,000 shares 5¼% cumulative preferred stock, $100 par value; and 628,333 shares common stock, no par

Address—117 S. Washington St., Alexandria, Va.

Business—Company is principally an electric operating public utility engaged in the production, purchase, transmission, distribution and sale of electric energy at retail and wholesale in Virginia, West Virginia and, to a minor extent, in North Carolina. Company is a subsidiary of General Gas & Electric Corp., which is in the Associated Gas & Electric Corp. holding company system

Underwriting and Offering—The securities registered will be sold through competitive bidding, under the SEC's competitive bidding Rule U-50 of the Public Utility Holding Company Act. Only exception is confined to such shares of the new preferred stock as may be issued on a share for share basis (with a cash adjustment) to holders of the presently outstanding preferred stock who do not elect to take cash for their stock. Name of underwriters, and public offering prices for the securities, will be supplied by post-effective amendment to registration statement

Proceeds will be used as follows: The 628,333 shares of new no par common stock will first be issued to General Gas & Electric Corp. in exchange for the old common stock now held by General Gas & Electric Corp., and will be offered for sale through competitive bidding. The proceeds from the sale of the securities registered will be used to retire all of the outstanding long-term indebtedness of the company, its predecessor and constituent companies, and that of Virginia Public Service Generating Co. (a subsidiary), to make cash payments to its present preferred stockholders, and to provide company with funds for new construction

Registration Statement No. 2-4913. Form A2. (12-12-41)

Amendments to defer effective date filed Dec. 26, 1941, Jan. 10 and Jan. 31, 1942

WEST INDIES SUGAR CORP.

West Indies Sugar Corp. filed a registration statement with the SEC for 453,691 shares of common stock, $1 par

Address—60 E. 42nd St., New York City

Business—Company, organized in 1932 pursuant to the plan of reorganization of Cuban Dominican Sugar Corp. and certain of its subsidiaries, is solely a holding company owning the securities of several operating subsidiaries engaged principally in the production of raw cane sugar and invert and blackstrap molasses in the Dominican Republic and Cuba

Underwriters will be named by amendment

Offering—The shares registered are already outstanding, and are owned by City Company of New York, Inc., In Dissolution, to the extent of 436,691 shares; National City Bank of New York, parent of the former company, is the holder of the remaining 17,000 shares registered. The aggregate of the shares registered represents 47.7% of the outstanding common stock of the company, and will be offered to the public, at a price to be supplied by amendment

Proceeds will be received by the selling stockholders

Registration Statement No. 2-4923. Form A2. (12-29-41)

Urges Federal Income Tax From State Returns

Deduction of Federal income taxes in computing New York State income taxes is urged upon Governor Lehman in a letter dated Jan. 22 addressed to him by Percy C. Magnus, President of the New York Board of Trade. The necessity and also the fairness of this proposal is stressed by Mr. Magnus, who says "it is needless to remind you that corporations and individuals will be called upon this year by the Federal government for great financial sacrifices to pay only a part of "our war effort." He adds that "we are not unmindful of the part that the State is taking in the National Defense Program. But, States' and cities' costs should yield to the requirements of the Federal government. It is the same individuals and corporations that are paying the taxes."

His letter continues:

> Income taxes, both Federal and State, rest on the philosophy that each should pay in proportion to ability. It logically follows that the taxes paid to the Federal government decrease the ability to pay to the State.. The mounting schedules of the Federal government give emphasis to the point this year. It is not only a "tax upon a tax," which is wrong in theory, but it is a tax upon an unprecedented high tax, which becomes a burden.
>
> The only justification that we have heard is that the State cannot afford to do the right and fair thing. We have heard that if these deductions are permitted—then new taxes must be found. This is not a case where two wrongs make a right. The imposition of a new tax would not a wrong—if it is necessary to meet a State expense.
>
> But every succeeding year that the State imposes and collects its income tax, including as net income, the amounts paid to the Federal Government, that does constitute a continuing and a grievious wrong.
>
> We sincerely trust that irrespective of the consequences of the necessities of imposing new taxes to make up deficits, that the State will clear this system of imposing a "tax upon a tax," as is done at present.

New Cotton Exch. Members

At a meeting of the Board of Managers of the New York Cotton Exchange held on Feb. 5, the following were elected to membership in the Exchange: Jose de la Mora, of Mexico City, Mexico; Dudley S. Weaver, Jr., of Memphis, Tenn., a partner of Caughlin, Weaver & Co., cotton merchants, and Frank A. Miller, of Chicago, Ill., a partner of James E. Bennett & Co. Mr. Weaver is also a member of the New Orleans and Memphis Cotton Exchanges and Mr. Miller is a member of the New Orleans Cotton Exchange, Chicago Board of Trade, and Minneapolis Chamber of Commerce.

Says Government Outlays Must Be Cut

Pointing out that it has quickly become apparent that we cannot be "the arsenal of democracy" without sacrifices on the home front, Henry H. Heimann, Executive Manager of the National Association of Credit Men, in the Association's January "Review of Business" released on Jan. 17, states that we must expect a conversion of 50% of our productive capacity to war needs and must pay increasingly higher taxes to meet the $50,000,000,000 war effort.

"That means belt-tightening," Mr. Heimann warns. "Let us, however, recognize that with a current national income of $100,000,000,000, our $50,000,000,000 war effort will still leave available an equal amount in goods and services." He added:

> "Although the price level has risen since 1932-33 and therefore makes close comparison difficult, nevertheless we should bear in mind that during those two years our total national income was down to the $40,000,000,000 level. On the other hand, the wide variety of goods and services available during that period of depressed national income was greater than that which we will have in the period ahead."

While the pinch brought on by the defense effort will be felt by industry and consumers, Mr. Heimann points out that "the government too will note the effect of these necessarily stringent policies. To cite one example, the restrictions on autos and automobile tires will mean a considerable reduction in the revenues received by the Federal and State governments."

He added that this justified immediately effecting a reduction in Federal non-defense expenditures and in State and local governmental costs.

More Passenger Cars Air-Conditioned

Class I railroads and the Pullman Company had 12,787 air-conditioned passenger cars in operation on Jan. 1, 1942, according to reports received by the Association of American Railroads and made public on Feb. 6. This was an increase of 587 compared with the number of air-conditioned passenger cars on Jan. 1, 1941, at which time there were 12,200 passenger cars so equipped.

Of the total number of such cars, Class I railroads on Jan. 1, 1942, had 7,523, an increase of 562 compared with the same date last year. The Pullman Company on Jan. 1 this year had 5,264 air-conditioned passenger cars in operation, or an increase of 25 compared with Jan. 1, 1941.

U. S. Blacklist Extended To 1,800 In Europe

The State Department announced on Jan. 14 that "The Proclaimed List of Certain Blocked Nationals" has been broadened to include 1,800 Axis and non-Axis companies, firms and individuals in Portugal, Spain, Sweden, Switzerland and Turkey. This action brought to almost 5,000 the number of concerns and individuals in Latin America and European countries with which persons in the United States no longer may engage in business or financial transactions.

The original proclaimed list, issued July 17, 1941, covered 1,800 German and Italian firms and individuals in Latin America, and the list subsequently was revised and expanded to cover hundreds of Japanese firms and individuals. The new list carries the names of 506 firms or individuals doing business in Portugal, 166 in Portuguese possessions, 369 in Spain, 52 in Spanish possessions 82 in Sweden, 196 in Turkey and more than 400 in Switzerland.

Farm Credit Problems

A. G. Black, Governor of the Farm Credit Administration, announced membership of a national committee of representatives of insurance companies, mortgage lenders, bankers and the Government to consider current agricultural credit problems. This committee is the outgrowth of a meeting called by Governor Black last September to explore ways and means of curtailing speculation in farm real estate, should such get under way, and the possibilities of stabilizing land values through more uniform farm appraisals. At that time, says the Department, it was agreed that each of the lending groups represented would name a representative to participate in future meetings. They include the following:

S. F. Westbrook, Aetna Life Insurance Co., Hartford, Conn.

Paul Bestor, Prudential Insurance Co., Newark, N. J.

Glen E. Rogers, Metropolitan Life Insurance Co., New York City.

H. D. Thomas, Northwestern Mutual Life Insurance Co., Milwaukee, Wisc.

F. W. Hubbell, Equitable Life Insurance Co. of Iowa, Des Moines, Iowa.

Charles F. O'Donnell, Southwestern Life Insurance Co., Dallas, Tex.

Howard Cox, Union Central Life Insurance Co., Cincinnati, Ohio.

S. M. Waters, Mortgage Bankers' Association.

Eugene R. Black, Investment Bankers' Association of America.

Otis Thompson, American Bankers' Association.

Edward A. O'Neil, American Farm Bureau Federation, Chicago, Ill.

H. E. Babcock, National Council of Farmer Cooperatives, Ithaca, N. Y.

James G. Patton, National Farmers' Union.

A. S. Goss, National Grange, Washington, D. C.

Chester Morrill, Secretary, Board of Governors, Federal Reserve System.

Donald S. Thompson, Federal Deposit Insurance Corporation.

Harold Rowe, Office of Price Administration.

C. B. Baldwin, Farm Security Administration.

Charles B. Henderson, Reconstruction Finance Corporation.

R. B. McCandless, Deputy Comptroller of the Currency.

Eric Englund, Bureau of Agricultural Economics, Department of Agriculture.

B. R. Stauber, Office of Land Use Coordination, Department of Agriculture.

W. B. De Haven Dead

William B. De Haven, partner in De Haven & Townsend, prominent Philadelphia and New York stock brokerage firm, died at his home at the age of 65. Mr. De Haven, who was a member of the New York Stock Exchange, made his headquarters at his firm's New York office, 30 Broad Street.

Far East Rubber Imports Are Still Continuing

Jesse H. Jones, Secretary of Commerce and Federal Loan Administrator, disclosed on Feb. 3 that the United States has received 114,000 tons of rubber from the Dutch East Indies and other Far Eastern sources since the outbreak of the war with Japan. Secretary Jones indicated this in testifying before the House Banking and Currency Committee, according to Associated Press accounts from Washington, which stated:

> Mr. Jones said that the United States is continuing to get all the rubber produced in the Dutch East Indies. He estimated that production at between 30,000 and 40,000 tons a month. Actual deliveries since Dec. 7 have amounted to 114,000 tons. In January, receipts amounted to 76,000 tons, while shipments totaled 58,000 tons, he said. He placed losses of rubber from ship sinkings at only 1,850 tons, but told the committee that 3,900 tons now in the Philippines are in jeopardy.
>
> Of the 114,000 tons received Mr. Jones said 70,000 had been sold, while the remaining 44,000 tons had been added to the Government's stock pile.
>
> "I do not think we can get a normal amount of rubber next year, but we can get along with care on what we have and can get," he added.

ABA Mortgage Clinic In San Francisco

Completion of the program for the real estate mortgage clinic to be held in San Francisco, Calif., Feb. 26-27, under the sponsorship of the Savings Division of the American Bankers Association, is announced by Stuart C. Frazier, the Division's President, who is Executive Vice-President of the Washington Mutual Savings Bank, Seattle. The San Francisco clinic is the fourth to be held in a nationwide series of real estate mortgage conferences under the auspices of the Association's Savings Division. Invitations to attend the clinic have been extended to the banks of Arizona, California, Colorado, Nevada, New Mexico, Utah, and Wyoming.

The program for the clinic follows the pattern of informal, "question and answer" discussion of real estate and mortgage problems established during the sessions of the previous conferences. The theme of the clinics, "Real Estate Mortgage Finance in the War Emergency," will also be that of the San Francisco sessions. Major topics of discussion are to be "Financing Defense Housing," "Mortgage Lending Policies Under War Conditions," "Current Legal and Insurance Problems in Connection with Mortgage Loans," and "Mortgage Lending Practices of Today." Following open discussion on these four principal topics, a general forum on "The Effect of the War Economy on Mortgage Lending" will be held under the leadership of Dr. Ernest M. Fisher, ABA Director of Research in Mortgage and Real Estate Finance.

Headquarters for the clinic will be the St. Francis Hotel in San Francisco.

Seaboard RR. Interesting

L. H. Rothchild & Co., 11 Wall Street, New York City, specialists in rail securities, have prepared a special circular on Seaboard divisionals and leased lines, which may be had from the firm upon request.

Henry Abbot In New York

Henry W. Abbot has opened offices at 30 Broad Street, New York City, to engage in a general securities business.

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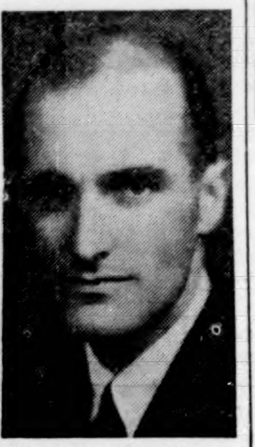
W. T. Patten Jr. Is Now With Blyth & Co.

(Special to The Financial Chronicle)

SEATTLE, WASH.—William T. Patten, Jr., has become associated with Blyth & Co., Inc., 1411 Fourth Avenue Building. Mr. Patten, a member of the Seattle Stock Exchange, was formerly Vice-President and manager of the trading department of Badgley, Frederick, Rogers & Morford. Prior thereto he was manager of the trading department for Wm. P. Harper & Son & Co.; he was President of Patten, Eyman & Co., was an officer of Drumheller & White, and in the past was in the trading department of Smith & Strout, Inc., and the local office of Blyth & Co.


W. T. Patten, Jr.

Mr. Patten is active in the affairs of the National Security Traders Association and the Bond Traders Club of Seattle, of which he is a former president.

Silloway Made Treas. Of Mutual Life of NY

Stuart F. Silloway, Assistant Financial Manager of the Mutual Life Insurance Company of New York, has been elected Treasurer of the company by the Board of Trustees, effective immediately, according to an announcement made today by Lewis W. Douglas, President. Mr. Silloway will succeed G. C. Turner, who is retiring on July 1 after 47 years of service with the company and who will be on leave of absence until that time.

Mr. Silloway jointed the Mutual Life in its financial department in 1933 and became Assistant Financial Manager in 1939. Prior to his association with Mutual Life, he was connected with the investment firm of Webster, Kennedy & Co. and, from 1929 to 1933, with Kidder, Peabody & Co., investment bankers.

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Our Reporter On "Governments"

There's no point in guessing now the terms of tomorrow's borrowing, for you'll know them within a few hours. . . . Bonds plus notes are the general expectation. . . . Some for commercial banks, some for insurance companies, with enough investors eager to buy to assure heavy oversubscription of the $1,500,000,000 cash borrowing. . . . Despite the restrictions on free riding. . . . Despite the choice of a day squeezed in between a holiday and a week-end and marked in red letters on the calendar of the superstitious. . . . Despite the fact that this is the first cash financing since Pearl Harbor. . . .

Without knowing all details, these things may be predicted:

The issue will be heavily oversubscribed; allotments may range from 12 to 18% against 11 and 15% on the December issue and 12½% on the October issue; still, considering the free riding regulations, that will be good. . . .

The subscription books will be closed tomorrow night. . . .

The securities should rise at least to a ¾ point premium and maybe to 1¼ or 1½ points. . . .

The issue will be a success, because it must be, because Secretary Morgenthau cannot afford a failure at this of all times. . . .

So buy them. . . . Pick up the bonds and/or notes to the limit of your ability. . . . If you want to sell them later and shift into issues already outstanding, fine—do so. . . . But make the best of these now-and-then opportunities to build up your margin of profit. . . .

With tomorrow's borrowing the main topic of conversation in Government bond circles today, the prediction of a top Government official on the total debt before the war ends appears of unusual significance. . . . In an off-the-record talk, he said the debt would reach $250,000,000,000 mark. . . . That Treasury officials and other spokesmen for the Administration now were speaking in those terms. . . . That the question in their minds was not what the debt would be eventually, but how best they could accustom the public to this outlook. . . .

The debt now is $61,000,000,000. . . . The debt limit is $65,000,000,000. . . . This month, about $800,000,000 defense bonds will be sold in addition to the current new money borrowing from open market investors. . . . In other words, the borrowing leeway is getting mighty narrow. . . .

There are several sidelight angles to this prediction, which must be given full weight:

(1) Apparently, officials are anticipating a war of at least three to four years' duration or they wouldn't be forecasting a $250,000,000,000 debt before the end of the conflict. . . .

(2) They also are expecting a tremendous speed-up in borrowing, a speed-up which will dwarf the $15,000,000,000 debt increase in the last 12 months. . . . To build the debt to four times its present total in a few years is going to mean security issues of almost inconceivable size. . . .

(3) They're resigned to paying for the major costs of the war through borrowing—borrowing from individuals, from commercial banks, from insurance companies, from the Federal Reserve Banks. . . . Otherwise, a debt total of this magnitude wouldn't be dreamed of. . . . The way it looks now, borrowing will meet 50 to 66⅔% of the war costs; taxation, only ⅓ to 40 or 50%. . . .

That won't better the record of the first World War by any appreciable margin. . . . We paid for 32% of the extraordinary expenditures of the first World War through taxation; obtained the balance through sales of Liberty bonds to the public. . . .

Removal of Limit

And, finally, we may be confident now that the Treasury will fight for and be satisfied with nothing less than a complete suspension of the debt limit. . . . Raising the maximum once or twice a year doesn't serve any purpose, when we're facing debt figures of this size. . . . The semi-annual or annual discussions simply undermine public morale, arouse confusion, open the way to political power fights. . . . We might as well resign ourselves to a suspension of the limit for the duration and give the public as little opportunity as possible to get worried about the debt burden. . . .

At the rate of debt increase currently, it would be natural for Congress to take up the debt question within a month or so. . . . Removal of any and all limits on borrowing should follow shortly thereafter. . . .

Tax-Exemption

Latest reports from Washington, State centers and experts indicate growing belief that the Treasury won't succeed in its attempt to tax outstanding State and municipal securities. . . . That, at best, it will secure only the right to tax future issues of States and municipalities. . . .

Which is exactly in line with the repeated suggestions of this column. . . . With its recommendation that you view the tax-exemption fight calmly and take advantage of the upset markets to build up your profits and income position. . . .

Assuming the opinions now being expressed are correct, there is less reason than ever to doubt the position of outstanding tax-exempt Federals. . . . If the Treasury has to fight so bitterly for taxation on outstanding States and municipals, it hasn't much of a chance of slipping by with taxation of outstanding Federal obligations. . . .

Maybe, Congress eventually will vote taxation of outstanding local obligations. . . . The timing of this is a more crucial point than the ultimate decision. . . .

But we may be sure that taxation of outstanding Federal tax-exempts won't come until after taxation of local exempts has been accomplished. . . . There's your "timing" clue. . . .

And we may be sure that all tax-exempts now out are safe for a while. . . .

You can guide your actions accordingly. . . . And when the word "safe" is used, it includes "indirect" as well as "direct" action. . . .

Tax-Anticipations

Don't count too heavily on the tax payments March 15. . . . For the fact is, Secretary Morgenthau already has collected billions of these taxes "in advance"—through the sales of tax-anticipation notes from Aug. 1, 1941, on. . . . And these sales are continuing, indicating that future tax collection dates won't be as important in the financing setup as before. . . .

To keep this market and its factors straight in your mind, you have to revise many of the rules you once followed. . . . For instance, the importance of March 15. . . . And the question of easy money conditions apart from Government control. . . . And the "timing" of market borrowings. . . . Once there were definite rules we could follow to figure out these angles, but no longer. . . . Now, March 15 isn't as important as the total sales throughout the year of tax-anticipation notes. . . . And the Government has the money markets under rigid control—with the need governing the action. . . . And market borrowings are timed to necessity, not to the "best" price. . . .

Inside The Market

The refunding calendar is clear—except, of course, for bill maturities. . . . Next issues up for refunding are the HOLC 2¼s, outstanding in the amount of $875,000,000, and the RFC 1s, outstanding in the amount of $276,000,000. . . . They're both up in July. . . .

After that comes the $342,000,000 Treasury 2s of Sept. 15; the $320,000,000 RFC ⅞s, due Oct. 15; the $232,000,000 Treasury 1¾s, due Dec. 15. . . .

None of these is important. . . . None would bother the Treasury more than casually. . . . So, Morgenthau is free to concentrate on new money borrowing as much as is necessary. . . .

Bacon, Whipple & Co. To Be NYSE Member

CHICAGO, ILL.—Bacon, Whipple & Co., 135 South La Salle Street, members of the Chicago Stock Exchange, will become a member of the New York Stock Exchange, on Feb. 19th, when William T. Bacon, senior partner of the firm, acquires the Exchange membership of John S. Chapman. Mr. Bacon also holds the firm's Chicago Exchange membership.

Partners in the firm are William T. Bacon, Jay N. Whipple, James W. Marshall, William D. Kerr, J. Preston Burlingham and Donald M. Hazeltine.

Moore, Leonard & Lynch Admitting Frothingham

Charles F. Frothingham will become a partner in Moore, Leonard & Lynch, 14 Wall Street, New York City, members of the New York Stock Exchange and other leading exchanges. Mr. Frothingham will act as alternate on the floor of the New York Stock Exchange for James R. Leonard under section 15, article IX.

John E. Wheeler To Be Hicks-Price Partner

CHICAGO, ILL. — John E. Wheeler will become a partner in Hicks & Price, Continental Illinois Bank Building, members of the New York Stock Exchange, on Feb. 13th. Mr. Wheeler has recently been a partner in Fuller, Cruttenden & Co. and prior thereto was with Ernst & Co. and was proprietor of John E. Wheeler & Co. for many years. Mr. Wheeler is a member of the Chicago Stock Exchange and Chicago Board of Trade.

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Edgar Scott Nominated Phila. Exchange Pres.

PHILADELPHIA, PA.—Edgar Scott, senior partner of Montgomery, Scott & Co., was nominated for the presidency of the Philadelphia Stock Exchange, to succeed B. Frank Townsend, Jr., President of the Exchange for the past two years. Mr. Townsend, who did not seek re-election, will become a member of the governing committee.

Mr. Scott is Vice-President of the Philadelphia Exchange and is a Governor of the New York Stock Exchange.

Frank G. Hayes Joins Evans, Stillman & Co.

Evans, Stillman & Co., 14 Wall Street, New York City, members of the New York Stock Exchange, announce that Frank G. Hayes has become associated with the firm in charge of its bond trading department. Mr. Hayes was formerly with Salomon Bros. & Hutzler and, for the past year, has been manager of the bond trading department of the Chicago office of Bear, Stearns & Co.

Final Edition THURSDAY In 2 Sections – Section 2

The COMMERCIAL & FINANCIAL CHRONICLE

(Reg. U. S. Pat. Office)

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FROM WASHINGTON AHEAD OF THE NEWS

One of the most interesting things I have lately heard around the War Production Board is that, after all, there is the possibility of a country going too much "all-out" for defense production for its war effectiveness. Bear in mind, for months the agitation here, and agitation is mostly all that Washington manufactures, was that "industry doesn't realize the gravity of the situation, that industry wanted to go ahead on a "business as usual" program. It so happens that business or industry all around the country has been "realizing the gravity" of the situation for the past several years, and particularly during the immediate months leading up to our getting into the war.

Businesses and industries latterly were "realizing the gravity of the situation" because priorities were either ruining them or threatening to ruin them. They were clamoring for government contracts while the Washington bureaucrats were making nightly speeches saying they didn't "realize the gravity of the situation," that they didn't realize that we had to "go all-out." Not only has business and industry taken an awful financial licking in this situation but a political beating from the propaganda that accompanied it.

Among the Dollar-a-year men, those who have come to the top were as bad at spreading this gospel, at lending themselves to this agitation, as the most agitating New Dealer.

But now that they are at the top in the reorganized production set-up known as the WPB (the War Production Board) this writer thinks it quite hopefully significant that they are beginning to say privately that Britain found if it tried to turn more than 45% of its production to war goods, it militated against its war effectiveness. The point is that these fellows, inspired by economists, undoubtedly the same ones who were producing the figures for the "all-out" speeches, are now getting a little worried about the "all-out" stuff.

For the American industrial world, I think it is a hopeful sign. Apparently, for the first time

(Continued on page 687)

On The Foreign Front

European Stock Markets

British trading in securities continues to be affected by the vast and uncertain considerations stemming from Far Eastern developments. Prices moved modestly lower on the London Stock Exchange in the latter half of last week, and the downward drift was accelerated early this week, when Singapore was invaded by the Japanese. Panic liquidation was absent, but the London market clearly reflected the gloom occasioned by the latest war news.

Gilt-edged stocks were marked lower only by minor fractions in the day-to-day trading at London, with the tendency a little more marked yesterday, as the British public prepared for the shock of the temporary loss of Singapore. Industrial and home rail issues were soft. Far Eastern rubber and oil shares were sharply lower at times, and South African gold stocks likewise lost ground. Shipping issues were relatively steady, and oil issues of companies located elsewhere than in the Far East also tended to improve.

Dealings on French markets in both the occupied and unoccupied areas are reported somewhat more lively, under slight relaxations of the official restrictions. With more stock available under the new rules, demand for shares has been less acute. There are no reliable reports of trends in Axis or Axis-dominated markets of Central and Eastern Europe.

Singapore

Portents of unimaginable significance appeared in the Far East this week, as the defenders of Singapore fought a desperate but apparently hopeless battle against numerically superior Japanese units. Acting with amazing speed and resourcefulness, the Japanese began to invade Singapore Island late last Sunday, only eight days after completion of their conquest of the Malay Peninsula. With absolute control of the air, they pushed the British Empire units steadily back and there is, unfortunately, no longer any doubt

(Continued on page 686)

Binders For The Convenience Of Our Subscribers

Arrangements have been made with the "Expandit" Binder to supply temporary binders in which to file current issues of the Financial Chronicle in its new form. These will facilitate the use of the Chronicle and will protect copies against mutilation and loss. The cost is $2.50 plus postage for each of these binders which have been designed to hold one month's issues of the Financial Chronicle. Orders for binders should be sent to "Expandit" Binder, 25 Spruce Street, New York City.

GENERAL CONTENTS

Editorials

Page

World Population and War Economy 666
Debate on Inflation 668
No Time for Vaudeville 665

Regular Features

Financial Situation 665
On The Foreign Front 665
From Washington Ahead of the News 665
Moody's Bond Prices and Yields 682
Items About Banks and Trust Cos. 670

State of Trade

General Review 667
Commodity Prices—Domestic Index 680
Commodity Prices—World Index 682
Carloadings 681
Engineering Construction Lower 682
Paperboard Industry Statistics 679
Weekly Lumber Movement 682
Fertilizer Price Index 682
Weekly Coal and Coke Output 684
Bank Debits 681
Petroleum and Its Products 684
Weekly Steel Review 683
Electric Power Output 684
Moody's Commodity Index 682

Miscellaneous

Price Control Act of 1942 (Text) 673
Death of L. N. de Rothschild 675
ABA Trust Conference Meeting 676-679
Wickard Condemns Corn Price Advance 676
U. S. To Purchase Cuban Sugar 676
Agriculture Dept. and OPA State Aims 676
Cullin Discusses Post-War Needs 677
Illinois Bankers Hold Meeting 677
Farm Price Products 102% of Parity 677
"War-Time" In Effect (Text of Law) 677
Farm Prices Higher 677
Curb Imposes Fine 677
SEC Orders Expulsion Hearing 677
U. S. Legation Leaves Denmark 677
Canada's 1941 National Income 678
1941 Farm Inc. Highest Since 1920 678
CIO Urges Higher Wage Demands 678
Newark H. A. Officials Resign 678
Gen. Hershey Stresses Defense Needs 678
Charles Henderson RFC Chairman 678
Coffee Supplies Held Adequate 676
FDR To Control Transmission Facilities 679
Seeks Fed. Bureaus for N. Y. City 679
NYSE Odd-Lot Trading 680
1941 Cotton Textile Output at Peak 680
Trading on N. Y. Exchanges 680
Auction Sales 679
Aid For El Salvador 681
Wholesaler's 1941 Sales and Credits 681
London Stock Exchange 682
English Financial Market 682
National Banks 682
SEC Reports on Electrical Supplies 683
Vaniman on WPA Board 683
American AEF on World Front 683
Class I Railroad Earnings in 1941 684
Work Hours Increased 666
Common Trust Fund Advantages 667
Porto Alegre Bond Payments 667
Mtge. Bankers Plan "Clinics" 667
1941 Textile Fiber Consumption 668
FDR on Washington "Parasites" 668
Says Govt. Invades Property Rights 670
Beal Heads Boston Clearing Assn. 670
China Granted Federal Loan 671
New York's Claim To Russian Funds Rejected 671
Civil Raid Defense Bill Signed 671
Chic. Home Loan Bank Mtges. Lower 671
Treasury Announces New Loan 671
Treasury Employees on 44-Hr. Week 671
1941 Cotton Loans 671
NYSE Short-Interest Higher 671
Allied Staff Group Announced 672
Morgenthau Seeks 110 Billion Debt Limit 672
Upholds Govt. Milk Regulation 672
Alabama Health Law Invalid 672
U. S. Sugar Production Outlook 672
U. S. Credit to Bolivia 672
1941 Wheat Loans 672
CCC Cotton Sales Program 685
Corn Loans' Repayment 685
New Car Prices Established 685
February Food Stamp List 685
Heads N. Y. C. Defense Savings Unit 685
Income Data for 1939 685
Defense Bond Sales Inscrease 685
Henderson Confirmed as Price Head 685
NYSE Borrowings 685
Land Heads Shipping Board 688
Hurley in New Zealand Post 688
Wheat Referendum in May 688
Real Estate Mortgage Recordings 688
Savings and Building Loan Deposits 669
Urban Home Financing 669
R. H. Jones With Mutual Life 687
Defense Housing Act Approved 687
SEC Reports Dec. Exchange Sales 687

THE FINANCIAL SITUATION

While dilletante "morale building" and frivolous propaganda in a thousand forms run riot in Washington; while stubborn defenders of "social gains" play fast and loose with our resources of materials and men; while the mild anxiety of the unthinking is hourly soothed with astronomical appropriations and dramatic pronouncements about promised miracles in the future; and while the public is being continuously spoon-fed with the exploits—often really heroic and sometimes bearing testimony of surpassing excellence in individual cases, but unfortunately about as often relatively meaningless in the larger scheme of things—of American individuals and machines, the relentless course of events is steadily laying bare the cold fact that we may lose this war, indeed, that we shall lose it, should we fail to exert and wisely direct our utmost effort to avoid such a catastrophe.

Fortunate indeed is it that, despite many protestations to the contrary by high placed officials, from the President down, the North American continent still enjoys the vast protection nature has afforded in thousands of miles of open water on both sides. Otherwise our very own hearths and altars might well today stand in serious and immediate jeopardy. As these things actually stand, it is obvious that our enemies would find our shores as inaccessible to them as we are finding theirs and those under attack by them many thousands of miles away. Nothing that has occurred for a moment suggests that the soil of the United States is less unconquerable by any foreign power, or probable combination of foreign powers, than thoughtful observers have always supposed it to be.

But we could easily lose this war, and the loss of it could be quite disastrous, without having tasted the bitterness of even a "token raid" upon our own soil here in the homeland. Such is one of the essential qualities of the

(Continued on page 669)

No Time For Vaudeville

This is no time for self-hypnotism. We're big. We're strong. We're tough. But so is the other fellow. He caught us off guard once and he's sparring around now, doing a little in-fighting, waiting for us to get careless or to get cocky and turn around and wave to the audience.

Let's quit being grandstanders. This fellow can hurt us and hurt us badly. And he has a plan. You can be sure that he knows just how he is going to try to catch us. * * *

Not enough of us realize that we can lose this war. We need, to produce the equipment called for in our blueprint for victory, a hard, grim, realistic spirit. We need the will—the constant driving, unflagging will to win.

We need it not only on the battlefield and in the air and on the sea. We need it, too—and to no lesser degree—in the offices and in the factories, at the bench and at the lathe and at the plow—we need it in the homes, in the hearts and hands and minds of 130,000,000 Americans. * * *

I ask you to beware of easy confidence. I ask you to balance the good news we get of a victory here and there against a very grim over-all picture.

Once we have come to see and fully understand the dark side of this picture, then we shall, like the British after Dunkerque, rise up in our full might and fury, firm in the knowledge of our rightness, sure in the confidence of our ultimate strength, steadfast in our unshakable purposes.—**William L. Batt.**

And we shall need no vaudeville to bolster our morale.

Work Hours Increase After Pearl Harbor

Increased working time in important war industries after Pearl Harbor is the most striking aspect of the December wage and hour statistics, compiled by The Conference Board, of New York. In the heavy machine and foundry equipment industry, average hours per week rose from 45.9 in November to 47.7 in December. The Board also states:

> In the Nation's foundries, working hours per man rose from 43.6 to 44.9. The employees of the machine and machine tool industry took a still firmer grip on their reputation as the champion workers on defense and war work. Throughout 1941 the employees of the prime war industry averaged 49.7 hours per week, thereby beating their nearest competitors, the employees of the heavy equipment industry, by 4.1 hours. In December they averaged 51.0 hours per week, one hour longer than in November and by far the longest working time per man in any industry.
>
> The following other industries connected with war production increased their average working time in December; wool, miscellaneous foundry products, electrical equipment, iron and steel, hardware and small parts, leather, cotton (the Northern mills), paint and varnish, and chemicals.
>
> The hours of work in the automobile, agricultural implement, and rubber manufacturing industries, on the other hand, were reduced by the curtailment of output of civilian goods. The employees of the automobile industry averaged only 34.8 hours in December, as compared with 39.5 in November. The agricultural implement workers averaged 39.1 hours, as compared with 40.8 in November. In the rubber manufacturing industry, working time dropped from 38.5 to 38.0 hours per employee. In 25 manufacturing industries the average working time in December was 41.6 hours, as compared with 41.5 hours in November, and 40.1 hours in December, 1940.

Wages Highest On Record

> Average hourly earnings in 25 manufacturing industries increased in December at about the same speed as in November and October, according to The Conference Board. December was the 23rd consecutive month in which hourly earnings either increased or remained unchanged. Since August, 1939, they have increased 21%. Most of this increase has been caused by higher wage rates. Hours per week have increased moderately, from 37.9 in August, 1939, to 41.6 in December, 1941. Average weekly wages have risen from $27.29 to $36.08.
>
> Average hourly earnings in December, 1941, amounted to 86.8 cents, as compared with 86.0 cents in November, and 74.5 cents in December, 1940. Average weekly earnings amounted to $36.08, as compared with $35.74 in November, and $30.28 in December, 1940. They were the largest on record.
>
> For the year as a whole, both hourly and weekly earnings were much higher than in any other year in the history of the country.

Editorial—

World Population and War-Economy

It is perhaps something more than a coincidence that a period which witnessed the plowing under of immature corn and cotton and the sacrifice of little pigs should culminate in the plowing under of population, by less direct means but upon a larger scale than the precedent destruction of subsistence. The late Dr. Frederick C. Howe, a shining although variable light during the earlier manifestations of the New Deal, observed to the writer during a chance meeting while it was still young, that he suspected that the United States had even then exceeded the optimum in population and that the number of its inhabitants might be reduced with general advantage to the remainder. That typical expression of defeatism, when the country held merely 41 inhabitants per average square mile, compared with 528 in Massachusetts and 668 in England and Wales! One fourth of the lower of these densities, that is 132 per square mile would give continental United States, exclusive of Alaska, an aggregate population in excess of 390,000,000, instead of the less than 132,000,000 counted at the census of 1940. But the New Deal at that time was thinking in terms of ease of living within domestic boundaries, not at all in terms of the prowess in international combat of the greatest possible number of conscripts organized for battle anywhere upon the globe or the maximum production of war materials to be consumed in the destruction of foreign enemies and enemy property. Such thinking is presumably suppressed, if not obsolete, at the present time. Thought inevitably now turns to the power that lies in large numbers and at least incidentally to the significance of the ancient formula which called for "the greatest good to the greatest number" as the ultimate goal of the social organization, economic and political.

World Population

Nothing could better contribute to genuine comprehension of the amazing material progress of European and American civilization than an intelligible exposition of the correlation between the vast progress of that period in the arts of agricultural and mechanical production, upon the one hand, and the enormous concomitant increases in population of the countries and regions which led in that progress, upon the other. The steam engine, the spinning jenny and the power loom were the prototypes of mechanical development and these were new at the commencement of the Nineteenth Century and in the initial stages of their adaptation to the commercial demands which they first supplied and then stimulated. Production by the new methods and with the new mechanisms was progressively organized; the latent genius among mankind being turned in the new direction rapidly contributed new discoveries and inventions; means for territorial inter-changes of raw materials and surplus products, including the machinery of banking, communication, and transportation, were promptly created and extended; and a genuine new order of existence arrived.

The essence of that new order lay in efficient production and wide distribution, simplicity if not complete freedom in all commercial and financial exchanges both domestic and foreign. Its consequences included a previously undreamed of capacity to support largely increased populations with actual improvement in their standards of living and the entire elimination of the direst hardships of poverty and the most meagerly rewarded and most grinding and oppressive toil. This progress centered within western Europe and North America, principally, on this side of the Atlantic, within the United States, but its beneficences were not restricted to the areas in which its manifestations were most apparent. The whole earth was explored for the raw materials necessary to supply the enlarged consumption demands of Europe and America and was opened to trade which brought to the least advanced portions and peoples the knowledge of higher civilization, of novel conveniences and luxuries, even of new safeguards against the consequences of accidents and disease and hence augmented comfort and security in living. Probably, the effect, in the numerical increase in the earth's total population, affords the best single index to the reality of the great antecedent changes in the methods of production that had begun with Watt and Newcoment, with Hargreaves and Arkwright; which is not yet complete with aircraft and wireless telegraphy; with synthetic rubber, rayon, and plastics. Estimates of the populations of the world at about the beginning of the Nineteenth Century vary from that of Volney, who placed it at 437,000,000, to those of Fabri and Pinkerton who independently arrived at a total of 700,000,000, for the year 1805. Behm and Wagner, who collaborated many years later in the most complete inquiry that had been made up to that time, estimated the aggregate for 1882 as 1,434,000,000, the figure accepted by the editors of the ninth edition of Encyclopaedia Britannica. For 1926, Professor Carr-Saunders, of the University of Liverpool, adopts the total of 1,879,595,000, upon the authority of the International Institute of Statistics, and the currently accepted estimate of the present time indicates a world total of 2,100,000,000. The margin of error in these estimates has unquestionably diminished very greatly during the 150 years or less which they cover. Beyond doubt they are sufficiently accurate to support a conclusion that within that time there has been at least a three-fold, probably a four-or-five-fold, increase in the number of living inhabitants of this terrestial globe. How significant such an increase really is can be suggested by reference to the fact that the best authorities now believe that, with the current ratio of births and deaths to the total population of western civilization, the progeny of a single pair of human beings would approximate the present total of the earth's population in only 1,900 years. That the aggregate reached by the year 1800 was, at the very most, little more than one-third of the present number indicates that iron law of Malthus must have been fully in operation throughout most of the history that ended when the Nineteenth Century began.

Malthus's Iron Law

The Reverend Thomas Robert Malthus in 1798, that is at about the beginning of the Industrial Revolution inaugurated by the steam engine and mechanical spinning, first published the results of his studies concerning the principles which control the numerical development of population. Considerably revised, more completely developed in logic and supported by statistics and other facts, and greatly enlarged to include these essential additions, the work was republished in a second edition in 1803. In brief, Malthus found that, excluding checks which ought to be regarded as abnormal, the natural relation between the aggregate of population at any period and its increase, by the excess of births over deaths, is such that the increase must be according to a geometrical progression with some positive ratio. Obviously, if this is true, and unquestionably it is true under static conditions, the aggregate must always tend to increase, however small the ratio may be and however slowly the augmentations may accumulate. As abnormal or artificial checks, frequently in operation, Malthus recognized war, famine, pestilence, and voluntary abstention from parenthood. These causes, and infanticide, especially the destruction of female infants, once very widely prevalent in Europe, Asia, and Africa, beyond doubt constituted the essential means which, before the year 1800, restricted the growth of population so that in that year the world's total must have been below 700,000,000. Malthus went further. Finding that population naturally increases geometrically, he found also that the supply of available subsistence, that is principally of foods produced by tillage and animal husbandry which must ever be limited by the surplus of products of the soil, cannot increase except by arithmetical increments. Therefore, he concluded, population, unless unnaturally checked in its growth, must press increasingly upon the means of its subsistence, producing increasingly rigorous conditions of existence with spreading poverty and extremities of privation and the degradations of relentless and incessant toil. It followed, from these premises, that if the abnormal checks of war, famine, pestilence, and voluntary abstention from parenthood, could not be called good, the least possibly to be said was that they were imperative and necessary and the ultimate protection of posterity against sufferings otherwise inevitable.

Came Then Progress

Malthus was indubitably right in the light of all the conditions he had seen or that the world had known at the time he wrote. His iron law was then operative and it must have remained operative had not progress which he had not apprehended supervened and multiplied the means of subsistence and the potentialities of their increase far beyond the concurrent geometrical increases in population, even in Europe and in the United States. Almost overnight the production of subsistence, of all consumption goods, ceased to be a function of human arm-power and leg-power and became a function of natural forces, hitherto almost wholly latent which mankind was every hour learning more completely to control and more efficiently to utilize. Supplemented by chemical discoveries, related in their origin and startling in their still unmeasured potencies, they speedily suspended the conditions under which the law formulated by Malthus was imminently operative and encouraged mankind to believe that it might permanently be disregarded without injury. The population of England and Wales grew from 8,892,536 in 1801 to 39,947,031 in 1931, the latest census year for which reports are available. Concurrently, the United States grew from 5,308,483 in 1800, to 122,775,046 in 1930, and about 135,000,000, at the present time. Continental Europe was numerically increasing, despite heavy losses from emigration, almost as rapidly. By 1882 it had risen to 327,743,400 sixteen years ago (there being no late figures that are at all complete or reliable), in 1926, it stood at 467,092,000, and the average density for the whole continent had reached 126 per square mile. And withal, except where industry was impeded by warfare and preparations for war and where population was threatened by potentialities of armed conflict, the comfort and security of European mankind, from the lowest to the highest, exceed anything that history had known. Yet the iron law of Malthus was unrepealed. Its full vigor was latent, although its action was suspended. It waited, alert, potent, implacable, for the happening of conditions calling it into relentless operation. Are those conditions about to spring into being?

Consequences Of a War Economy

Those regions of the earth in which freedom, personal and economic; comfort, among all ranks and classes; security of life and limb and in economic existence and function had reached the highest attained in all history, have now abandoned themselves to an all-pervasive war economy. They have abandoned the splendid and marvelously increasing productivity of their peace economy to substitute an economy which frankly limits their subsistence and admittedly reduces their standards of living everywhere. Looking backward to the days of peace and abundance they readily see that their fortunate condition in those by-gone days was the product of a peace economy; with individual freedom at its maximum; with labor and capital controlled and made productive by private initiative, and free to move about within individual discretion; with banking and finance internationally organized; with trade unrestricted by quotas or prohibitions, and only partially impeded by the occasional custom houses. Nothing is more certain than that all these freedoms were essential to the perpetuation even of the then existing levels of population. It is equally certain that these levels cannot continue under any system of war economy or even under newly-urged peace economies in which international exchanges are to be controlled by bureaucracies and restricted by the crude processes of barter and governmentally administered distribution. The world must go back to the reasonable freedoms and the relatively just commercial and financial methods that characterized Europe and America before 1914, or admit that the principles expounded by Malthus have become again operative and controlling, that western civilization must voluntarily accept numerical curtailment, and that it must concede that hereafter it cannot suitably support the numbers and populations hitherto kept in comparative comfort and plenty. Man cannot transform society into a series of armed camps, subordinating everything to efficiency in warfare and production useless except as contributing to such efficiency; nor can he throw away his highest attainments in financial organization, private freedoms and opportunities, unrestricted or relatively free commercial exchanges and continue to exist in the numbers and with the comforts which he possessed when the Twentieth Century began.

The State Of Trade

Business activity while showing a slight setback in some quarters for the week, held to high levels generally, and continued to reflect the high rate of war production and the corresponding swollen payrolls and consumer demand for retail goods. Retail trade ran 18 to 25% ahead of a year ago, according to the Dun & Bradstreet compilation. It is the belief that part of this reflects hoarding in fear of additional restrictions. Hoarding also is reflected in the increase in money in circulation. The amount is now at a record total of $11,231,000,000.

Electric power output is running 15.8% ahead of a year ago. Carloadings, although showing a slight seasonal decline, are the best for this particular week in the last 12 years.

Steel production in the United States has been stepped up this week to 98.2% of capacity, against 97.7% last week, 97.8% a month ago, and 97.1% a year ago, the American Iron & Steel Institute reports. Tonnage output this week of 1,622,400 tons will be the third largest for any week on record, comparing with 1,614,200 tons produced last week.

Overshadowing the favorable side of the business picture is the evidence that demand for higher wages this spring may even surpass that of a year ago. The action of Congress in voting to the farmer special consideration under the price control measure has been seized upon as justification for union leaders to ask likewise for a greater cut in the Government's defense expenditures.

The Steel Workers' Organizing Committee of the CIO is already negotiating with four "Little Steel" companies for concessions which would increase the companies' wage costs by $40,000,000 annually. The United Automobile Workers, CIO, is also asking substantial wage increases from General Motors.

It is clear that industry cannot suffer interruptions in operations due to strikes in wartime. Demands of CIO unions for wage increases, therefore, concern the Government far more than corporate managements.

The CIO has shown clearly that it is utterly indifferent to the inflation danger and to the oft-expressed determination of the Administration to stabilize the price level as a necessary war-time policy. These wage increase demands will soon come before the War Labor Board. That body must make up its mind to resist higher wage demands firmly, if it does not want to assume responsibility for scuttling the Government's strenuous effort to prevent inflation, observers state.

Retail sales gains over last year are likely to be narrowed noticeably before the month is over. A number of forces are now at work which will tend increasingly to slacken the consumer buying rush that has been in progress since the turn of the year.

Since many consumers have stocked up on a wide variety of staple items, the rush demand for such lines is beginning to taper off somewhat. The approach of income tax day on March 15, is having a sobering influence on many other consumers who are belatedly beginning to make provision for such taxes. The growing effectiveness of defense bond campaigns with the resultant increase in savings by consumers is also having its effect. It is pointed out that some $1,000,000,000 were thus siphoned off last month. The diversion of this volume of funds is bound to have an effect on retail sales.

Retail sales last year expanded 17% from 1940's volume to establish a new all-time record at around $53,600,000,000, the Commerce Department reported.

The year's turnover was also 11% greater than in 1929 and more than double the volume of 1933, the depression low in retail transactions.

Nearly half of the increase represents higher prices, the Department reported. But in spite of this the physical volume of goods was substantially above any previous year. Per capita sales were also a record at $403. The previous high in 1929 was $399.

Every major kind of business showed a substantial increase from 1940 to 1941. Unprecedented sales of retailers of durable goods in the first eight months put these stores in the lead in relative increase for the year.

Electric power production in the week ended Jan. 31, 1942, amounted to 3,448,193,000 kilowatt hours, an increase of 8/10ths of 1% over the output for the preceding week, the Edison Electric Institute reveals. The improvement over the corresponding week a year ago was equivalent to 15.8%, against a rise of 14.8% shown previously.

In the New England area the margin of gain over last year was 18.1%, compared with the previous gain of 16%.

Loading of revenue freight for the week ended Jan. 31, totaled 815,567 cars, according to reports filed with the Association of American Railroads. This was a decrease of 2,237 cars from the preceding week this year, 101,213 cars more than the corresponding week in 1941, and 157,737 cars above the same period two years ago. This total was 135.37% of average loadings for the corresponding week of the 10 preceding years.

Heavy engineering construction for the week totals $161,090,000, an increase of 72% over the volume for the corresponding 1941 week, but 27% lower than the 1942 high of a week ago as reported by "Engineering News-Record." Public construction is 198% higher, almost triple the 1941 week total, but is 32% below last week's total. The private volume is up 26%, compared with a week ago, but is 54% below a year ago. The current week's volume brings 1942 construction to $789,870,000, a 16½% increase over the six-week 1941 total.

The Nation's Class I railroads had an estimated net income of $500,545,671 in 1941, which was more than two and a half times the 1940 profit, the Association of American Railroads report.

This was the first time since 1930 that their income exceeded the half billion dollar mark. In that year the net was $523,907,472.

Operating revenues last year totaled $5,346,699,988, an increase of $1,048,700,000 over 1940 and an increase of $66,000,000, compared with 1940.

Net railway operating income before payment of interest and rentals for the Nation's 135 Class I railroads last year amounted to $999,502,930, a return of 3.79% on property investment, compared with a return of 2.61% in 1940 and 3.36% in 1930.

Common Trust Funds Offer Six Investment Advantages, Diversification Most Important

Six investment advantages afforded by common trust funds were outlined in New York by E. A. Stuebner, Vice-President of the Fidelity-Philadelphia Trust Company of Philadelphia, in an address before the Mid-Winter Trust Conference of the American Bankers' Association. Mr. Stuebner declared that common trust funds permit greater diversification of investments, allow closer supervision of investment policies, permit a flexible investment policy, make it possible for the trustee to take advantage of unusual market conditions, allow careful timing of security purchases, and give participating trusts the advantage of execution of transactions at uniform prices.

"The Common Trust Fund" said Mr. Stuebner, "is designed primarily for the collective investment of funds of small trust accounts. It offers such accounts a number of advantages, the most important being a broad diversification of security holdings. Under current war-time conditions which are producing such rapid and far-reaching changes, diversification assumes added importance and, in my opinion, should be the keystone of any investment policy." Substantial change will be effected in trust department operations by the development of the common trust fund, it was stated at the Conference on Feb. 4, by A. W. Whittlesey, Trust Investment Officer of the Pennsylvania Company for Insurances on Lives and Granting Annuities. This emphasizes the necessity of cost and activity analyses, Mr. Whittlesey said. He added:

> The extent to which any fund can now be used is limited somewhat by the Federal Reserve Board's restrictions of $25,000 per trust. That greater use could be made of the common trust funds in Philadelphia is indicated by the fact that 22% to 37% of the total participating trusts have market values in excess of $25,000, and this to some extent accounts for the relatively high over-all average holding of $10,500 per participating trusts in the five different funds.
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> One of the questions asked by our Chairman in a recent survey was whether trustees were satisfied with the $25,000 limitation for participation. Out of 12 answers, all but three felt that the limitation should be increased to either $50,000, $100,000 or that there should be no limit whatever. The three banks satisfied with the present $25,000 limit were smaller institutions and this reemphasizes the desirability of ultimately having a flexible limitation which could be applied to all banks, whether large or small. This could be done by making the limit $25,000, or 1% of the fund, whichever is greater. Under such a program, smaller trust companies would be automatically restricted by the $25,000 limitation while the larger institutions would be able to make even greater use of their funds than they have already.
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> The momentum of the common trust fund movement is such that, provided we all scrupulously adhere to the exact following of the regulations, there would seem to be no reason why the Federal authorities will not at a later date permit an increase in the present $25,000 limitation. When such a day arrives, we can look forward to a business that is going to be eminently easier to handle and, by the same token, eminently more profitable. At the same time, we will be able to provide a splendid service to all our clients and our communities.

Mortgage Bankers To Conduct "Clinics"

In an effort to adapt the Association's program as fully as possible to the necessities of wartime, the Mortgage Bankers Association of America announced in Chicago a plan for a decentralization of meetings which will involve "bringing the Association direct to the members," according to Frederick P. Champ, President of the organization.

Instead of a limited number of regional clinic meetings in larger cities, the plan involves two-day conferences and mortgage clinics in 11 cities and one-day meetings in two cities. The first will be in Chicago, Feb. 27 and 28 followed by Denver, Mar. 23; Salt Lake City, Mar. 24; Seattle, Mar. 27 and 28; San Francisco, Mar. 31 and Apr. 1; Los Angeles, Apr. 3 and 4; Dallas, Apr. 10 and 11 and New Orleans, Apr. 14 and 15. The second series will begin in Philadelphia, May 1 and 2; New Haven, May 4 and 5; Atlanta, May 8 and 9; Nashville, May 11 and 12 and Cleveland, May 15 and 16. It is further announced that rather than setting up open-forum meetings with many mortgage bankers giving prepared addresses on their experiences with various lending problems, the Association is making a study to determine the most important mortgage problems created by a wartime economy and will delegate various members of the speaker's bureau to speak on them.

Porto Alegre Bd. Payment

Ladenburg, Thalmann & Co., New York, as special agent, is notifying holders of City of Porto Alegre (United States of Brazil) 40-year 7% sinking fund gold bonds, external loan of 1928, that funds have been deposited with it, sufficient to make a payment, in lawful currency of the United States of America, of 13.325% of the face amount of the coupons due Aug. 1, 1939, amounting to $4.66⅜ for each $35 coupon and $2.33 3/16 for each $17.50 coupon. It is further announced:

> Pursuant to the provisions of the Presidential Decree of the United States of Brazil, such payment, if accepted by the holders of the bonds and coupons, must be accepted in full payment of such coupons and of the claims for interest represented thereby.

No present provision, the notice states, has been made for the coupons due Feb. 1, 1932 to Feb. 1, 1934 inclusive, but they should be retained for future adjustment.

Editorial—

Debate On Inflation

In the Congressional Record the report on the Senate debate covering certain financial powers included in the Second War Powers Bill ends with the grim footnote: "So Mr. Taft's amendment was rejected." Administration stalwarts and others to the number of 51 voted against a rather mild suggestion by Robert A. Taft, Republican Senator from Ohio, for further study of a proposal to permit direct sale of United States Treasury securities to the Federal Reserve Banks. Unsuccessful in his attempt to gain further study for this proposed power, Mr. Taft endeavored to limit to $2,000,000,000 and to a maturity of thirty days the Treasury securities which might be held by the Federal Reserve Banks at any one time under the direct sale provision.

But Mr. Taft's amendment was rejected after a brief but illuminating debate on Jan. 28, and thus another important step was taken in the rake's progress toward inflation. Some of the Senators doubtless were aware that inflation is not a thunderbolt that rends the financial skies in a sudden blast, but is rather akin to a habit-forming drug. The first application of the drug may even be pleasant or pain-killing, but soon the doses grow larger and larger, and every step on the road to destruction necessitates another. One or two deficits will not lead inevitably to inflation; nor will occasionally ill-advised financing end in disaster. But if these things become habits they soon begin to undermine the financial foundations, and one expedient is piled on another to bridge the gaps. Such an expedient is the proposed power for direct sale of Treasury obligations to the Federal Reserve Banks.

Senator Taft explained matters carefully in this remarkable debate, which has received hardly any public notice. He conceded that the Federal Reserve Banks possessed until 1935 the power to purchase Treasury securities directly from the Treasury. He repeated some of the testimony which occasioned the legislative restriction in that year to purchases by the Federal Reserve Banks in the open market. The restriction was advocated in 1935 by Senator Carter Glass, among others, for deficit financing on an unprecedented peace-time scale then was in progress, and the restriction was designed to prevent an expedient in financing which led directly to the final whirl of German inflation in 1923. Mr. Taft reiterated that French inflation after the last war was stopped just short of complete ruination by limitation of advances by the Bank of France to the French Government.

In the course of his speech, Senator Taft reviewed the arguments put forward for the removal of the obviously sound restriction. These, he said, were that temporary money market difficulties of a tax date would be overcome by the power to purchase Treasury obligations directly, and that any crisis like the Pearl Harbor disaster would be prevented from exercising an unforunate effect upon a Treasury financing operation, if such an operation were in progress at the time. Pointing to the tremendous balances customarily carried by the United States Treasury, Mr. Taft questioned the soundness of such arguments.

Failing in the attempt to have this provision of the Second War Powers Bill referred to the Banking and Currency Committee for study, Mr. Taft then urged limitations which would permit accomplishment of all aims of the provision, while still leaving at least a small obstacle to abuse of the power. He offered an amendment limiting to a maturity of thirty days and to an amount of $2,000,000,000 the Treasury issues to be purchased directly. It was this amendment upon which a vote finally was taken, and the amendment was rejected.

Senator Glass, whose comments in 1935 were quoted in part, declared in this debate that what he said in 1935 remains good logic, but that we were not then in war or threatened by war. This is merely a temporary device proposed by the Federal Reserve Board for the present emergent situation, said Mr. Glass. Senator Barkley next entered the debate and discoursed on technicalities of Senate procedure and on the relatively modest open market purchases of Treasury securities by the Federal Reserve Banks after the Pearl Harbor disaster. He insisted that the provision of the War Powers Bill would not compel the Federal Reserve Banks to purchase Treasury securities directly from the Treasury, but merely would give them the right to do so. Senator Vanderberg asked for clarification of some points. And as the debate continued, statements were made which illumine the whole problem.

"The amendment," said Mr. Barkley of the provision in the War Powers Bill, "is intended to facilitate, insofar as it may facilitate, the financing of the war obligations. We do not know what is going to be the result. None of us knows how large our Government obligations may be before the war shall end, and it seems to me, and it has seemed to the Committee, that no barrier should be set up by law during this emergency against the Federal Reserve System, which is in a sense an agency of the Government, although not controlled by it, except as its members are appointed by the President and confirmed by the Senate, so that in the event of any emergency in which the Federal Reserve System could better serve the purposes of financing the war they should be allowed to do so by buying bonds directly from the Treasury . . ."

Senator George, who voted against the limitations suggested by Senator Taft, summed up the matter with unexampled clarity. He reviewed some of the technicalities of the relationship between the Treasury and the Federal Reserve System, but concluded that if the Government offers securities to the Federal Reserve Banks the Federal Reserve Banks will take them.

"If enough of them are offered, and if the banks take enough of them, we have inflation," continued Senator George. "We need not argue about it. Everybody knows the size of the present deficit. It is true that it is already covered by securities. Everybody knows how rapidly the deficit will climb. None of us knows exactly where it will stop. I think that the amendment proposed by the Bill is charged with possibilities of ill which cannot be overstated. I hesitate to withhold the power from the Government, because the occasion may arise when it must be used. I should have no very great concern about sending the question to the Banking and Currency Committee, because the issue is simple and direct."

Senator Vandenberg, who sided with Mr. Taft on the proposed limitation of the power, agreed with Mr. George. It seems beyond question, Mr. Vandenberg remarked, that if a straight channel is dug from the Treasury to the Federal Reserve System, that channel is one of potential inflation.

"The emergency is twofold," said Senator Vandenberg. "I freely concede that there may be a borrowing emergency which the Treasury may confront, which temporarily may require some sort of a recourse of this nature; but alongside of that, and paralleling it, is the emergency which we confront in respect to the fiscal situation and inflation. The amendment proposed by the Senator from Ohio does not close the channel. It opens it precisely as does the text of the bill. But the amendment proposed by the Senator from Ohio puts just one small dam in the channel, which has to be recognized as a means of protecting the things we all recognized as needing protection when this phrase was written into the law in 1935. The amendment proposed by the Senator from Ohio leaves an emergency power for any financial necessities which the Treasury may confront. It simply insists that the exercise of the power shall be confined to an emergency, and shall not be used beyond an emergency necessity. I submit that is simply fundamental, elementary prudence, if we have the slightest realistic interest in preventing inflation."

In final comment, Senator Taft remarked that no one, either in the Government or elsewhere, has stated that the power sought is needed or is proposed to be used in order to obtain the large sums of money with which to finance the war. The only claims advanced, he added, are that the powers are desired because "temporarily there may be a soft spot in the bond market;" because "on tax day there is a kind of bottleneck on funds."

"The Government has not said it has to have this power in order successfully to finance the war," Mr. Taft pointed out. "Some day it may need such power, but I hope that day will never come, because if we ever reach the point when the Government must have this power in order to finance the war, then our currency will be gone; there will not be any value left in the currency if the Government ever is forced to the point where it will be required to use it in large volume."

That ended the debate, and those who agreed with Mr. Taft numbered 25, those who voted for the broad power numbered 51, and 20 Senators did not vote.

1941 Textile Fiber Consumption Again Breaks Records Due To War Requirements

Due to greatly increased war requirements, United States consumption of the four major textile fibers (cotton, wool, rayon and silk) again broke all previous records, states the current issue of the "Rayon Organon," published by the Textile Economics Bureau, Inc., New York City. Total consumption of the four major products, says the Bureau, aggregated 6,470,400,000 pounds, as compared with 4,896,100,000 pounds consumed in 1940. The magnitude of these figures is strikingly revealed by the fact that the 1941 increase amounted to 32% as compared with the previous year. The publication states:

> The tremendous increase in textile fiber consumption during 1941 indicates the impact of military, naval, industrial and consumer demands for textile products which have arisen as a result of this country's transition from the twilight zone of war, peace and confusion to a war economy. Meanwhile, industrial activity moved ahead, thereby creating a greater demand for textile products. Similarly, the nation's purchasing power increased and the civilian consumer took advantage of bigger pay envelopes to buy more clothing, household furnishings and other textile products.

The Bureau's announcement goes on to say:

> The consumption of raw cotton in 1941, as is natural, again led all other products, reaching a new all-time record of 5,207,200,000 pounds, an increase of 31% over the consumption of 3,961,700,000 pounds reported for 1940.
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> Wool consumption in 1941 amounted to 652,200,000 pounds, or 54% greater than the 21-year high of 422,400,000 pounds established in 1923. Of the 1941 total scoured wool consumption, 133,300,000 pounds represented carpet-class wool and 518,900,000 apparel-class wool. The favorable 1941 wool performance was due primarily to the Government's demand for wool textiles for the nation's fighting forces.
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> Rayon consumption in 1941 (yarn plus staple fiber) aggregated 586,000,000 pounds, another new high mark, surpassing the record previous year by 20%. The demand for rayon during 1941 was primarily civilian in character. Consumption of rayon last year was three and one-half times as large as it was in 1931, a performance unequalled by any other textile fiber.
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> Approximately 25,000,000 pounds of raw silk were consumed in the United States last year, the smallest total since 1920. This figure, in part, is an estimate, as December silk deliveries to American mills was not announced. The low raw silk consumption last year was due to the cessation of imports from Japan during the last five months of the year and the subsequent reservation of the country's raw silk stocks for military and naval use only.
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> The following table shows 1941 consumption of the four main textile fibers as compared with recent years:

(In millions of pounds)

	1941	1940	1939
Cotton	5,207.2	3,961.7	3,629.7
Wool	652.2	411.1	396.5
Rayon	586.0	487.5	458.5
Silk	25.0	35.8	47.3
Total	6,470.4	4,896.1	4.532.0

FDR Asks "Parasites" To Quit Washington

President Roosevelt proposed on Jan. 30 that all "parasites" move out of Washington in order to make room for war workers. At his press conference, the President suggested that Washington newspapers print this headline: "Are You a Parasite?" In the category of "parasites," the President said, were those who came to the nation's capital because they liked the social life or because their children attended school there. Mr. Roosevelt also remarked that during the last war many of his friends had come to Washington chiefly for a good time, adding that they never did any work but had, in fact, impeded the Government. He further declared that by making it uncomfortable for the "parasites" there now they may be induced to leave. The President also said that under his war powers he had the authority to requisition living quarters and offices of unessential persons.

It was recently estimated that an additional 85,000 war workers would be required this year and that this influx threatens to overtax housing and other public facilities in Washington.

THE FINANCIAL SITUATION

(Continued from First Page)

struggle upon which we have launched ourselves, and in making this assertion we in no way refer to the Quixotic "war aims" which have been annunciated from time to time —establishment of the "four freedoms" everywhere in the world and much more of the same order. These latter are left wholly out of consideration, because first, they are mostly unattainable in any event, and second, they are as much associated with what is known as "winning the peace" as with winning the war. Quite apart from all this and also aside from difficulties we may encounter at any peace table with our allies, we, along with certain or all those who are fighting with us, are definitely committed to the destruction of the armed might of Germany and Japan. Failure to accomplish this titanic task would, we suppose, be rather widely admitted to be tantamount to losing the war. Certainly failure to compel both Germany and Japan to disgorge their conquests, or the vast bulk of them, would be universally and inevitably regarded as failure to win the war.

With these plain facts in mind, let us take the measure of the task before us. Clearly, if the German war machine is to be overpowered, or even if conditions within Germany well calculated to induce an internal collapse are to be brought into being, Russia must be the instrument with which the consummation is effected. The Reich is beyond the reach of what forces either the British or we are able to muster at least for a long while to come. But if Russia is to be equal to the role fate appears to have assigned her, she must be supplied with vast quantities of material—at the earliest possible moment. It might or might not prove possible for that gigantic nation with anything short of maximum support to stand the Germans off through another summer until winter again comes to her rescue. The risk of her being unable to do so would, however, be too great to be assumed, if avoidance is possible. In any event, if Russia is to make real progress during the coming year in crushing the German war machine the most that we can do to supply needed equipment will be little enough. With nothing to divert us, the task of making and transporting equipment to Russia in the required amounts, in the required time, would try our energies and resourcefulness for months to come—and failure to do so would entail risks of the first order of magnitude.

And we have a great deal to divert us. Time was when the habit was all but universal, in this country at least, to regard Japan and her imperialistic aspirations as but tails to the Hitler kite. "Just another Italy," was the way many referred to Japan in asserting the belief—even after Pearl Harbor—that once Hitler was defeated the Japanese campaign in the Far East would quickly collapse under even moderate pressure. There is too much reason to fear that this wholly unrealistic conception of the situation in the Western Pacific still lingers in many unthinking minds, despite the fact that a glance at the map, one would suppose, would quickly dispel such easy going notions. The fact is, of course, that Japanese depredations in Asia far ante-date Hitler, and the notion of a "new order" in Asia was proclaimed long before the "low countries" were invaded. What is more, it is now evident that Japanese leaders have long and carefully planned their course of empire and have systematically prepared for its execution. That we have here arrayed against us no strutting Mussolini at the head of a fragile Italian military machine, is quite as obvious. Let us not deceive ourselves about the magnificent stand of American and Philippine troops on the Bataan peninsula or about the equally magnificent qualities of General McArthur's leadership. These things will go down as legends in the history of our armies, and justly so. but their effect upon the probable outcome of the Japanese campaign to the south is another story. With the fall of Singapore, their military significance still further diminishes. He would be a foolish optimist, who supposed that Java, Sumatra and Rangoon were not seriously threatened, or who did not realize that at least the northern coast of Australia and, beyond Burma, India are in jeopardy. It is a bold and masterly campaign that Japan has mapped out for herself, and to this minute it is succeeding with only incidental reverses or delays.

The strategy employed is, of course, not without weaknesses, or would not have been, had we been prepared to act with dispatch and in force. The positions assumed may or may not remain permanently vulnerable in certain particulars, but it may be taken for granted that if Japanese forces are permitted to continue their present rate of progress (even with the losses they are suffering) until they establish themselves firmly throughout the East Indies, Malaya and Burma, to say nothing of the other possibilities, we shall find it a titanic task to go half way around the world and dislodge them. It would be no mean feat for the combined forces of Britain and the United States should our fondest hopes about Hitler's defeat be realized within the year, although in the latter event it is to be hoped that the help of Russia would be forthcoming to make the task immeasurably easier. It certainly would be humiliating enough as well as unfortunate in other highly important respects for the "democracies" to find themselves presently in the position of owing their salvation on both fronts to Soviet Russia, but something of the sort is well within the realm of possibility.

Let it not be overlooked that in the Far East, outside of China, New Zealand, Australia, and possibly the Philippines, the question is not so much one of giving aid to native peoples in their struggles against an aggressor bent upon their enslavement, as it is one of a struggle between great powers, some occidental and one oriental, for control of territory mostly inhabited by myriads of unarmed natives, often backward and not always too much concerned with what is taking place. China has been and is doing remarkably well, all things considered, but her ability to continue indefinitely once the Burma road is cut, is another matter. The Australians and New Zealanders are not numerous enough and are without extended industrial equipment. They could not be expected to shoulder more than a moderate share of the burden of beating the Japanese back to their own doorsteps. As to the Filipinos, as surprisingly sturdy as has been their resistance, they can scarcely be counted upon heavily in the future. The white man's burden in Asia is the more grievous by reason of the immense distances he must travel to bear it, and it is this burden, though heretofore almost wholly the burden of the British Empire, that we have undertaken to bear in very large part. We are beginning to learn the difficulties entailed by a far-flung empire. We are destined to learn more of them in the months and years ahead.

The task is not beyond us if we are ready to pay the price and if we are wisely led. It would, however, be rather worse than foolish to suppose that we can perform it out-of-hand in a limited period of time. It would be equally foolish to suppose that we can perform it at all if at the same time we continue ceaseless experimentation in so-called social reform, insist upon the waste of resources and manpower in dilletantism and frivolity, conceived in an atmosphere of a fashionable tea party, and spend huge sums in an endeavor to bolster morale by shielding favored groups from sacrifices all others—and in the long run quite possibly the sheltered groups also—must endure. It is in light of these considerations as well as, possibly more than, a matter of budgetary management that the Washington policy of profligacy as usual is to be so greatly regretted. It is for these reasons that the recent OCD and related disclosures assume real importance—these and the fact they are symbolic of so much of a like sort that is taking place in Washington.

This war is a sombre business, and it is time we accorded it that status—all of us, including the reformers, the dilletantes, and the stage managers.

Urban Home Financing Near Five Billion

Urban home financing in the United States during 1941 amounted to nearly $5,000,000,000 —17% above 1940 and exceeding the 1939 total by 35%—economists of the Federal Home Loan Bank Board report. Savings and loan associations maintained their lead over all types of mortgage lenders during the year by accounting for more than 31% of the $4,700,000,000 recordings of $20,000 or less. Banks and trust companies were second with approximately 25% of the total, while individual lenders were third with about 17%. The Bank Board in its advices also said:

> December mortgage recordings of $392,000,000 were $15,000,000, or 4% above those for November. It was pointed out that "the trend of mortgage financing has not followed the downward movement of new residential construction activity, which indicates the current shift in emphasis from construction lending to other forms of loan business."

Increasingly affected by material shortages as existing inventories declined, new residential construction during December registered a drop of 32% from the level of December, 1940, and 44% from the peak of June, 1941. It was the sixth successive month the volume of new housing has declined, and the seasonally adjusted index stood at 133% of the average 1935-1939 period, the base taken by the Bank Board's Division of Research and Statistics as 100.

Figures reported by the U. S. Department of Labor show that building permits were issued during December for 16,324 privately financed dwelling units, a reduction of 8,100 from November. One- and two-family type of house construction sustained the least decrease, 17%, and apartment houses the greatest, 71%. During November this tendency was exactly the opposite. Housing provided by government funds registered a decline of 36% during December.

Commenting on the relationship of trends in building material costs and rentals, the Bank Board report said:

> Materials prices, while continuing to rise through November and December, have not kept pace with the stimulated rental market. Although the difference between the current movements of building costs and rentals is not great in magnitude, it does represent a genuine reversal from the situation in the third quarter of 1941 when costs were rising very rapidly in the face of practically unchanged rentals for the country as a whole.

Following is a table on all 1941 non-farm mortgage recordings of $20,000 and less, compiled by the Bank Board's Division of Research and Statistics in cooperation with Federal Home Loan Bank presidents, savings and loan officials, the American Title Association and the Mortgage Bankers Association:

	Number	Amount	% of total amt.
Savings and loan assoc.	544,463	$1,489,909,000	31
Insurance cos.	81,801	403,684,000	8
Banks & trust companies	352,299	1,165,435,000	25
Mut. sav. banks	55,845	218,494,000	5
Individuals	395,556	783,177,000	17
Other mtges.	198,443	671,261,000	14
Total	1,628,407	$4,731,960,000	100

Money In Savings, Bldg. & Loan At Peak

The second largest volume of new money since July and the smallest volume of money withdrawn in any month since June characterized savings, building and loan association operations the last month preceding the country's entrance into war, the United States Savings and Loan League pointed out, Fermor S. Cannon, President of the League, said that the figures show that at least up until the end of November people buying defense bonds were not disturbing their existing savings very materially to do it. The League's announcement added:

> The fact that many savings and loan associations are offering the bonds for sale over their counters just like their own share accounts, and that thus it would be extremely simple for people to withdraw their savings and put them in bonds if they wished to do so, is cited as further evidence, along with the figures, that already-accumulated funds have not been the usual source for Defense Bond buying. The League President emphasized that this is a healthy situation since the anti-inflationary effects of the bond program are achieved only when new savings are created by a bond purchase.

New money going into the associations from old and new investors in November totaled $97,621,000, which is 19.1% greater than in November, 1940, Mr. Cannon said. While it was about 8.2% under October, it was more than $1,000,000 greater than either August or September.

He pointed out that apparently an enormous volume of savings ability is developing out of the rising national income which in the main has gone up faster than the cost of living. Money has been coming into the associations at these large totals at the same time that defense bond buying by the people who take Series E bonds was increasing steadily in volume.

Withdrawals for various purposes for which people save money, from the down payment on a house to the settlement of some emergency expense, were 16.1% less in dollar volume than in October. The net gain in receipts for November was 3.4% greater than in the month before.

Items About Banks, Trust Companies

Arthur S. Kleeman, President of the Colonial Trust Company, of New York, announced on Feb. 9 that the New York State Banking Department had approved the application of the Colonial Trust Company to make its Rockefeller Center location, Sixth Avenue at 48th Street, the central office of the bank. Colonial thus becomes the only commercial bank in New York City which has its central office in Rockefeller Center.

The business of the Standard National Bank, located at 59-26 Woodside Avenue, Woodside, Long Island, which has served the Woodside community for over 15 years, has been absorbed into Manufacturers Trust Co. of New York. The arrangement became effective on Feb. 9th, when the bank began to function as the Woodside office of Manufacturers Trust Co. John J. Cunningham is manager in charge. Frederick W. Bruchhauser is the supervising Vice-President for all 23 offices of Manufacturers Trust Co. in Brooklyn and Queens. The Directors of the former Standard National Bank will serve as an Advisory Board for the Woodside office. The year-end statement of the Standard National Bank, it is stated, showed deposits of over $5,000,000. The statement of condition of the Manufacturers Trust Co. appeared in our Jan. 8 issue, page 133. Manufacturers Trust Co. now has 68 banking offices in Greater New York.

Henry M. Weitzner, builder and contractor, has been chosen Chairman of the Board of the Trade Bank & Trust Co., New York City.

The Board of Directors of the Ossining Trust Co., Ossining, N. Y., announced on Feb. 5 the election of Harry C. White of White Plains as President. Mr. White has resigned as a Trust Officer of the Bank of the Manhattan Co., New York City, to accept the post. He succeeds Dr. William A. Ranney, who was prevented by the Clayton Act from serving the Ossining institution and also the First National Bank of Croton, of which he is President.

The Ossining Trust Co. also announces that William W. Post, Secretary-Treasurer of the County Trust Co., White Plains, has been elected a Director.

The Poughkeepsie Trust Co., Poughkeepsie, N. Y., was authorized by the State Banking Department on Jan. 29 to increase its capital stock from $300,000 to $525,000. The new capital set-up will consist of:

(1) $350,000 par value of preferred stock "A" divided into 70,000 shares of the par value of $5 each; and

(2) $25,000 par value of preferred stock "B" divided into 2,500 shares of the par value of $10 each; and

(3) $150,000 par value of common stock divided into 30,000 shares of the par value of $5 each.

The Lincoln-Alliance Bank and Trust Co., Rochester, N. Y., has received permission from the State Banking Department to reduce its capital stock from $5,360,000 to $5,280,000. The new capital consists of 40,000 shares of convertible preferred stock of the par value of $50 each and 164,000 shares of common stock of the par value of $20 each, it is learned from the Banking Department's "Weekly Bulletin" of Jan. 30.

Myron O. Wilkins was elected Vice-President of the National Shawmut Bank of Boston on Jan. 29, at a meeting of the Board of Directors, the Boston "Herald" announced in its Jan. 30 issue. Mr. Wilkins has been associated with the County Bank & Trust Co., Cambridge, for the last eight years, as Vice-President and Treasurer.

With expression of appreciation for his long period of faithful service, the Board of Directors of the First National Bank of Philadelphia, on Feb. 9, accepted the retirement of Alfred W. Wright, Assistant Cashier. On April 15th of last year, Mr. Wright, who started with the Centennial National Bank in 1866, ten years after the institution organized, completed 55 years in the employment of the First National Bank and the Centennial National Bank, which was merged with the First National in 1925. His retirement will be effective as of Feb. 28th.

Mr. Wright is President of the Montgomery County Board of Prison Inspectors, and Treasurer of the Board of the Pennsylvania Working Home for Blind Men. He is also a member of the Managing Committee of the George School at Newtown, Bucks County. Following his retirement from the First National, Mr. Wright plans to devote much of his time to civic and charitable activities.

R. P. Davis has again been reelected head of the First National Bank of Conshohocken, Pa., a position he has held for the past ten years, the Philadelphia "Inquirer" announced on Jan. 31. He is 85 years of age. Spencer Jones was named First Vice-President on Jan. 30; A. A. Garthwaite, Second Vice-President; Donald P. Horsey, Executive President; Frederico F. Mauck, Solicitor; David M. Hayes, Cashier; Spencer L. Jones and Donald M. Horsey have become Assistant Trust Officers, and Miss Claudia Ramey, Assistant Cashier and Trust Officer.

The Ann Arbor Savings and Commercial Bank, Ann Arbor, Mich., has changed its title to Ann Arbor Bank.

The Directors of the Midland Bank Limited (head office London) report that, full provision having been made for all bad and doubtful debts and contingencies, the net profits for the year 1941 amount to £1,969,288 which, with £620,083 brought forward from the previous year, makes £2,589,371, out of which the following appropriations amounting to £1,356,345 have been made: To interim dividend, paid last July 15 for the half-year ended June 30 at the rate of 8% actual, less income tax, £606,345; to contingent account for war damage to bank premises, £250,000; to reserve for future contingencies, £500,000, leaving a sum of £1,233,026 from which the Directors recommend a dividend, payable Feb. 2, for the half-year ended Dec. 31, 1941, at the rate of 8% actual, less income tax, £606,345 and a balance of £626,681 to be carried forward to the current year's profit and loss account.

Beal Elected President Of Boston Clearing Ass'n

Thomas P. Beal, President of the Second National Bank of Boston, was elected President of the Boston Clearing House Association, at its annual meeting, the Boston "Herald" reported in its Jan. 21 issue. Mr. Beal has held this office several times in the past. Herbert E. Stone was reelected Secretary of the Clearing House Association. Henry J. Nichols, Vice-President of the National Shawmut Bank, was elected Chairman of the Clearing House Committee.

Newly elected members were Samuel Wolcott and Robert B. Rugg. Other members were reelected.

Property Rights Invaded Through Regulations On Private Property By Govt., Says Cadman

The right of private property ownership will survive in this country for many generations if the American people realize that this right is the foundation of their welfare and security, it was asserted on Feb. 3, by Dr. Paul F. Cadman, economist of the American Bankers Association, in an address delivered before the Mid-Winter Trust Conference of the American Bankers Association in New York. Mr. Cadman, who spoke on the subject "The Social Justification for the Rights of Private Property" stated that "living in and observing the social upheaval which has been in progress since the First World War, we recognize the extent to which property rights have been invaded." He went on to say:

> It is not easy to appraise the changes which take place in a major revolution: analysis is colored by personal interest; faith is clouded by pessimism; and hope is obscured by anxiety. But from time to time, as we get an objective look at the picture, it is evident that we are in a property revolution, a phenomenon not at all common in the history of mankind. Ever since men began to live in organized groups, they have been rebelling against tyrannies, political, religious, and military. But they have rarely recognized property revolutions as such. Our own American Revolution raised virtually no problems of property, and strange as it may seem, the French Revolution touched property issues very lightly. But the Marxiam rebellion which began with the publication of the Communist Manifesto nearly one hundred years ago, concerned itself primarily with property as a fundamental social institution.

Mr. Cadman pointed out that the change in the attitude toward property rights, which affects us most in the realm of taxation, begins to appear with our early experiments in progressive income taxes which came into practice as early as 1911.. He continued:

> From that time the tempo of change increases rapidly. The Federal income tax was adopted in 1913. The taxation of capital gains first became a law in the same year. Death taxes are as old as the Virginia colony which attempted to impose one in 1687, but it was not until 1885 that New York passed a death duty which produced a significant volume of revenue. Federal estate taxes were inaugurated in 1916. In the following year an excess profits tax was imposed as a war revenue measure. Payroll taxes appeared under the guise of Social Security in 1935. The undistributed profits tax was voted in 1936 and, although subsequently repealed, it is now again under discussion in Congress. For better or for worse, the tax trend is definitely toward the appropriation of private property under a collectivist conception.
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> The next group of evidence might be classified as regulation or the restrictions on the use of private property. The whole spirit in the program of control runs contrary to the general notion that the individual is free to use his property as he sees fit and conforms to the idea that property rights are social. Here again the movement derives from collectivist conceptions. The anti-trust laws, the interstate commerce laws, the public utility and Federal trade regulations, rest on the theory that all of the activities represented are "affected with a public interest." With the advent of the Securities and Exchange regulation in 1933, the employment of private property in the corporate forms, long regulated by state security commissions, came under the purview of the national government. In 1934 the marketing of these securities was regulated so as to definitely control the rights of the individual to dispose of his property.
>
> For a good many years the Supreme Court held that the regulation of wages and hours was an unconstitutional invasion of property rights. But in 1938 the Federal Government passed the Fair Labor Standards Act, which legislation was declared constitutional in 1941.
>
> Control over production, restricting private property in natural resources, is illustrated by the Connally Act which in 1935, fixed production quotas in the oil industry; and by the Bituminous Coal Act of 1937.

"The next large classification of evidence," said Mr. Cadman, "might be called the bargaining power of labor." "Then," he said, "there is the body of evidence which can be designated as Government ownership. Here the Government may or may not enter into direct competition with private enterprise."

"But perhaps the most extensive evidence of the changing attitude toward property is in the field of finance," said Mr. Cadman, who further observed:

> The financing of agriculture, private home ownership, rural electrification systems and appliances, is now generally practiced.
>
> The Federal Deposit Insurance Corporation is partly owned and almost entirely operated by the government and the levy on the deposits of operating banks, although it is not called taxation, is in effect a charge on private property for the benefit of a collectivity; namely, the bank depositors of all banks.
>
> Other forms of socializing which are less easy to catalogue are unemployment and old age insurance, the large scale development of public works and various kinds of relief and rehabilitation. And although none of these can be classified as an invasion of property rights, they impose a direct cost on the owners of property, the full significance of which does not yet appear.
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> Taken individually, none of the items thus far enumerated is particularly startling. Indeed, most of us in this room subscribe to the belief that certain of these measures are socially justifiable. But taken in their entirety, they show an unmistakable trend away from the doctrine of natural rights; away from the generally accepted interpretation of constitutional rights, toward a point of view which can best be identified as collectivist; namely, that property should be owned and operated for the benefit of collectivity. Rehearsal of what has happened is only a part of the picture. We come now to plans and proposals for the further revolutionizing of the institution of private property.
>
> ### Planning
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> A large number of individuals and organizations are now planning for the economic future which is to be built when peace is finally declared, and the astute observer can readily see in the tone, temper and direction of this planning, the emergence of collectivist thought. For better or for worse, wartime controls foreshadow the future more clearly than the theoretical programs.
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> * * *
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> The point to remember is this: that it is by the distribution of purchasing power and the placing of orders under the direct decree of governments, rather than under the stimulation of profit, that these vast war machines are created. The whole train of influence which was heretofore inherent in private property is now transferred to government, where it is politically implemented through wages, hours, prices, the direction of output, credit, and all other instruments of enterprise. Actually, the necessities of war bring into being a degree of regulation and control which is terrifying in its similarity to the very totalitarianism against which we are making war.
>
> But we were speaking of the proposals and plans, the direction of which is partially forecast in the wartime regime. What will the government do, when the war is over, with the excess plant and equipment which it is now financing through the process of borrowing:—the huge munition plants, the factories and the additions to factories designed and constructed for special purposes; the expanded facilities for normal purposes, the cantonments, the airports and similar installations? To this question must be added two others, the answers to which will shed further light on the trends toward collectivism.

Mr. Cadman took cognizance of "the constant talk of a compulsory savings law, both for individuals and enterprise" and added:

> But more striking than any of these, when the full force of analysis is applied, are the theories deriving from the ability of the government to create purchasing power through the utilization of bank credit. If we had a week, instead of an hour, it would be profitable to review the economic theories which have been exploited by wholesale experimentation, since the United States abandoned the gold standard. Pump-priming in all of its variations, the doctrine of the mature economy which firmly held that savings had gone out of style and which was finally completely deflated by the necessity for war savings; the doctrine of an unlimited Federal debt, the size of which is said to be unimportant because "we owe it to each other"; the recently announced proposals for international pump-priming and the whole body of financial wizardry which might well be characterized as the doctrine of the inexhaustible Treasury—in this body of theory more than in any other is the clear indication of the changing conceptions of private property.

In conclusion Mr. Cadman said.

> As a people we are fully ready to accept the restrictions on the exploitation of our fellow men but we are not ready for government ownership; we have no faith in bureaucracy; we do not believe that wealth can be created by decree; and we are far from ready to accept the dictates of a superstate, managing and directing the production and distribution of our wealth.
>
> Democracy is essentially a slow process; it is cumbersome, expensive, and often inefficient. But this far in history it is the only way of life which has made possible the enjoyment of human freedom. It will survive here for many generations, despite every adverse symptom, if and as the American people realize that the right to possess and to enjoy and to bequeath is the principal source of the welfare and the security which they so much desire The incentive, harnessed to the love of liberty, is the social justification of private property. It

forms the basis of individual and collective solvency; it underlies the individual and national character which are identified in the term "responsibility." This institution is worth saving and it is high time that we come to its defense.

Congress Votes China Loan; FDR Pledges Aid

President Roosevelt's request to Congress on Feb. 2 to authorize a $500,000,000 loan to China for the purpose of rendering financial aid was passed unanimously by the House on Feb. 4 and by the Senate on Feb. 5 and has now become law. In a message sent to Generalissimo Chiang Kai-shek on Feb. 7, the President said that the "unusual speed and unanimity" with which the measure was acted upon by the Congress and the support it received throughout the country "testify to the whole-hearted respect and admiration which the government and people of this country have for China" and also testify to this country's "desire and determination to be concretely helpful to our partners in the great battle for freedom." Praising the "gallant resistance" of the Chinese armies, Mr. Roosevelt expressed the hope that the use which will be made of the funds "will contribute substantially toward facilitating the efforts of the Chinese Government and people to meet the economic and financial burdens which have been thrust upon them by an armed invasion and toward solution of problems of production and procurement which are essential for the success of their armed resistance to what are now our common enemies."

In his request to the Congress on Feb. 2 for the $500,000,000 fund, the President said that such additional assistance "would serve to strengthen China's position as regards both her internal economy and her capacity in general to function with great military effectiveness in our common effort." His communication to Congress was addressed to Vice-President Wallace and Speaker of the House Rayburn. In his letter the President said:

> "Responsible officials both of this government and of the government of China have brought to my attention the existence of urgent need for the immediate extension to China of economic and financial assistance, going beyond in amount and different in form from such aid as Congress has already authorized.
>
> I believe that such additional assistance would serve to strengthen China's position as regards both her internal economy and her capacity in general to function with great military effectiveness in our common effort.
>
> I urge, therefore, the passage by Congress of appropriate legislation to this effect and attach hereto a suggested draft of a joint resolution which will accomplish this purpose.

Foreign Affairs groups of the House and Senate approved the measure on Feb. 3 and 5, respectively, after hearing urgent requests from Secretary of the Treasury Morgenthau, Secretary of War Stimson, Secretary of the Navy Knox and Assistant Secretary of State Breckenridge Long. Without debate or record vote, the House on Feb. 4 passed the measure and the Senate on Feb. 5 completed legislative action.

The text of the President's message to the Chinese leader, who was addressed as President of the Executive Yuan and Chairman of the military affairs committee at Chungking, read as follows:

> It is a source of great gratification to me and to the government and people of the United States that the proposal which I made to the Congress that there be authorized for the purpose of rendering financial aid to China in the sum of $500,000,000 was passed unanimously by both the Senate and the House of Representatives and has now become law.
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> The unusual speed and unanimity with which this measure was acted upon by the Congress and the enthusiastic support which it received throughout the United States testify to the whole-hearted respect and admiration which the government and people of this country have for China. They testify also to our earnest desire and determination to be concretely helpful to our partners in the great battle for freedom.
>
> The gallant resistance of the Chinese armies against the ruthless invaders of your country has called forth the highest praise from the American and all other freedom-loving peoples. The tenacity of the Chinese people, both armed and unarmed, in the face of tremendous odds in carrying on for almost five years a resolute defense against an enemy far superior in equipment is an inspiration to the fighting men and all the peoples of the other United Nations.
>
> The great sacrifices of the Chinese people in destroying the fruits of their toil so that they could not be used by the predatory armies of Japan exemplify in high degree the spirit of sacrifice which is necessary on the part of all to gain the victory toward which we are confidently striving.
>
> It is my hope and belief that use which will be made of the funds now authorized by the Congress of the United States will contribute substantially toward facilitating the efforts of the Chinese Government and people to meet the economic and financial burdens which have been thrust upon them by an armed invasion and toward solution of problems of production and procurement which are essential for the success of their armed resistance to what are now our common enemies.
>
> I send you my personal greetings and best wishes. I extend to you across land and sea the hand of comradeship for the common good, the common goal, the common victory that shall be ours.

Announcement was made in London on Feb. 2 that the British Government is prepared to lend China £50,000,000 (about $200,000,000) and that it is also willing to make available to China any munitions and military equipment which it is possible for Britain to supply.

Chicago Home Loan Bank Mortgage Recordings Off

Some tapering off of the wave of home-owner borrowing from all sources in Illinois and Wisconsin which reached its 1941 crest in October was noted in November figures made available on Feb. 2 by the Federal Home Loan Bank of Chicago. The $31,388,000 worth of home mortgages recorded the last month before the war, however, was still 25.9% greater than in November of the previous year, so that the margin of increase over 1940 which had been characteristic throughout the year was maintained through November. A. R. Gardner, President of the Chicago Bank, said that in the Chicago district in November approximately 9,467 individuals borrowed on mortgages of $20,000 or under, all liens of this size being arbitrarily classed as home loans, and this is the largest number of November borrowers in the three years during which these figures have been kept. The estimates are based on actual mortgage recordings reported by 77% of the population of Illinois and Wisconsin.

Supreme Court Rejects New York's Claims To Russian Funds; Upholds U. S. Govt. Claim

On Feb. 2 the United States Supreme Court reversed a decision of the New York State Court of Appeals rejecting the Federal Government's claim to assets of the defunct First Russian Insurance Co. in favor of claims of the New York State Insurance Department. The United Press accounts from Washington on Feb. 2, from which we quote, further said:

> The 5 to 2 decision, delivered by Justice William O. Douglas, upheld the Act of the Federal Government in gaining possession of the properties under the 1933 Litvinov agreement providing U. S. recognition of the Soviet Union.
>
> The Russian insurance firm ceased operating in 1918 when the Soviet government nationalized the insurance business and confiscated its assets. Under the Litvinov agreement, the Federal Government reserved the right to participate in distribution of the $1,000,000 assets of the American branch.

Stating that the principal issue was whether the Soviet government's confiscation decree was valid in New York, advices Feb. 2 to the New York "Times" from Washington added:

> The court held by five to two that it was, with Associate Justices Reed and Robert H. Jackson not participating.
>
> Associate Justice William O. Douglas, in the majority opinion, declared that the previous decisions of New York courts holding the Russian nationalization decree invalid there, constituted a refusal by New York to recognize acts of the Soviet government "which the United States by its policy of recognition agreed no longer to question."

On Feb. 4 an order was served on the New York State Insurance Department, returnable on Feb. 11 in the Supreme Court of New York County, Special Term, Part 1, to show cause why the Superintendent of Insurance should not be restrained from paying out any funds of the New York branch of the First Russian Insurance Company until there are further proceedings.

This action followed the Supreme Court decision, it was noted in the Feb. 5 issue of the "Times" from which we also quote:

> Domestic creditors were paid in full many years ago, leaving $1,335,000 surplus assets. Although the Insurance Department had "frozen" the funds, the New York State Courts had compelled it to recognize the claims of foreign creditors against the first Russian Insurance Company. During the proceedings the Soviet recognition came, followed by the assertion of the Federal Government's rights to the surplus funds of the company by virtue of the assignment.
>
> While the principal of assignment to the United States Government does not apply in the case of foreign insurance company assets taken over by the State Insurance Department in recent months, it was expected in insurance circles that as soon as the comparatively minor claims of domestic creditors have been settled, in accordance with State laws, the Federal Government will seek the custody of surplus assets by virtue of the foreign ownership of such companies.
>
> Ultimate disposal of the surplus assets probably will not be settled in many cases until treaties of peace have been entered into with the countries whose nationals own such insurance assets.

Treasury Seeks Cash

The Treasury is expected to offer tomorrow (Feb. 13) $1,500,000,000 of securities to the public in order to raise new money for war expenditures. It is said that this will probably be the last new money financing operation until April since March income tax receipts and the sale of Defense Savings Bonds are likely to provide sufficient new money to cover up to that time. The last new money financing by the Treasury took place early in December when over $1,500,000,000 of 2½% bonds of 1967-72 and 2% bonds of 1951-55 were issued. In January the Treasury confined itself to refinancing a maturing note issue and three corporate issues.

Pres. Signs Bill For Civil Raid Defense

President Roosevelt singed on Jan. 27 the bill authorizing an appropriation to the amount of $100,000,000 to enable the Office of Civilian Defense to provide facilities, supplies and services for the adequate protection of persons and property from bombing attacks, sabotage or other war hazards. Final Congressional action on this measure came on Jan. 19 when the Senate and the House approved a conference report. The House's action amounted to a reversal of its previous position, since it had voted on Jan. 8 to place the responsibility for directing civilian defense protection under the War Department. House adoption of the Conference report on Jan. 19 came after the rejection, by a vote of 167 yeas to 172 nays of a motion to recommit the Conference report to the House Managers with instructions to insist on the House provisions relating to the jurisdiction of the War Department.

The Civilian Defense post has been directed by Mayor F. H. La Guardia of New York City and proponents of War Department control maintained that Mr. La Guardia could not handle two major posts effectively. Since the original House consideration of the bill, President Roosevelt has named James M. Landis as Executive Director of the OCD.

Mr. La Guardia on Feb. 10 relinquished command of the OCD, explaining in his letter to the President that "the original assignment of organizing this office is now completed." He also told the President that he awaited "any order from you to serve in any capacity for the defense of our country." President Roosevelt said after accepting the resignation that he would name Mr. Landis as the Mayor's successor, who will have full authority.

The Senate had voted on Dec. 19 to authorize unlimited funds for the OCD but agreed to the $100,000,000 limitation when the House receded from its disagreement on the issue of OCD administration.

According to Washington advices Jan. 22 to the New York "Times" the President requested that the $100,000,000 fund remain available until June 30, 1943, and that not more than $3,000,000 of the total be used for all administrative and personnel services in the District of Columbia. The same advices stated:

> The money, the President brought out, would be employed in providing facilities, supplies and services, to include research, and in the development of adequate protection of persons and property from bombing attacks, sabotage or other war hazards, in such localities in the United States, its territories and possessions, as might be in need of such protection but unable to provide it themselves.

NYSE Short Interest Higher On January 31

The New York Stock Exchange announced on Feb. 6 that the short interest existing as of the close of business on the Jan. 30 settlement date, as compiled from information obtained by the Exchange from its members and member firms, was 460,577 shares, compared with 349,154 shares on Dec. 31, both totals excluding short positions carried in the odd-lot accounts of all odd-lot dealers. As of the Jan. 30 settlement date, the total short interest in all odd-lot dealers' accounts was 85,717 shares, compared with 61,705 shares, on Dec. 31.

The announcement of the Exchange further stated:

> Of the 1,237 individual stock issues listed on the Exchange on Jan. 30, there were 31 issues in which a short interest of more than 5,000 shares existed, or in which a change in the short position of more than 2,000 shares occurred during the month.
>
> The number of issues in which a short interest was reported as of Jan. 30, 1942, exclusive of odd-lot dealers' short position, was 433, compared with 397 on Dec. 31, 1941.

In the following tabulation is shown the short interest existing at the close of the last business day for each month for the last two years:

1940—	
Feb. 28	485,862
Mar. 28	488,815
Apr. 29	530,594
May 31	428,132
June 28	446,957
July 31	479,243
Aug. 30	474,033
Sept. 30	517,713
Oct. 31	530,442
Nov. 29	515,543
Dec. 31	459,129
1941 —	
Jan. 31	498,427
Feb. 28	487,151
Mar. 31	537,613
Apr. 30	510,969
May 29	496,892
June 30	478,859
July 31	487,169
Aug. 29	470,002
Sept. 30	486,912
Oct. 31	444,745
Nov. 28	453,244
Dec. 31	349,154
1942—	
Jan. 31	460,577

Treasury Puts Employes On a 44-Hour Week

The Treasury Department announced recently that, effective Jan. 26, it would require five additional hours' work each week from its clerical employees, stepping up the present schedule of 39 hours per week, exclusive of the luncheon period, to a 44-hour basis. As a result, one additional hour of duty will be required from Monday through Friday, with the prevailing four hours of duty on Saturday left undisturbed. The Treasury Department advices added:

> The new order affects all clerical, professional, and subprofessional employees of the Treasury Department, in both the departmental and field services, but in view of the fact that the Bureau of Engraving and Printing and the United States Mint and other institutions of the Mint Service are already operating to a large extent on three 8-hour shifts each day, the new order will not apply to these plants.

1941 Cotton Loans

The Department of Agriculture reported that Commodity Credit Corporation had made 1,055,482 loans on 2,019,355 bales of 1941 crop cotton through Jan. 31, 1942. Of the total, 107,169 loans on 393,456 bales were made by cooperative associations. Loans were repaid on 79,762 bales.

"Combined Chiefs Of Staff Group" Set Up

The War Department announced on Feb. 6 the establishment of the "combined chiefs of staff group," made up of high ranking officials of the United States and Great Britain and designed to "insure complete coordination of the war effort of these two nations" and collaboration with other governments of the United Nations. This group, it is explained, will be the "control agency for planning and coordinating" and will "provide a medium for adjusting such joint operations as involve" others of the United Nations.

President Roosevelt also announced on Feb. 6 that Pacific councils had been operating for about a month in both Washington and London and were handling questions of both a military and political nature. He told his press conference that questions of a purely military nature are referred to army and navy chiefs of staff while those of a governmental or political character are laid before the appropriate governmental bodies in Washington and in London. He added that in the ABDA areas (American-British-Dutch-Australian) the military command is in the hands of General Sir Archibald Wavell of Britain. The President further said that General Wavell would make decisions on tactical problems, while broader strategic matters would be referred to Washington and London.

Announcement was made in London on Feb. 9 that a Pacific council has been set up on a ministerial plane, with representatives of Australia, Great Britain, the Netherlands and New Zealand on the council.

The text of the War Department's statement of Feb. 6, follows:

> The "combined chiefs of staff group" has been established by the United States and Great Britain to insure complete coordination of the war effort of these two nations, including the production and distribution of their war supplies, and to provide for full British and American collaboration with the United Nations now associated in prosecution of the war against the Axis powers. The combined chiefs of staff as representatives of the United States and British military and naval effort, have two principal subdivisions — one is of the United States chiefs of staff, the other the British chiefs of staff.
>
> United States membership of the combined chiefs of staff consists of:
>
> Admiral Harold R. Stark, chief of naval operations.
>
> General George C. Marshall, chief of staff, United States Army.
>
> Admiral E. J. King, commander in chief, United States Fleet.
>
> Lieut. Gen. H. H. Arnold, chief of Army air forces.
>
> The British chiefs of staff are represented in Washington by:
>
> Field Marshall Sir John Dill (until recently chief of staff of the Imperial general staff).
>
> Admiral Sir Charles Little.
>
> Lieut. Gen. Sir Colville Wemyss.
>
> Air Marshall A. T. Harris.
>
> They are in constant communication with Admiral Sir Dudley Pound, General Sir Alan Brooke, and Air Chief Marshal Sir Charles Portal, the British chiefs of staff in London.
>
> Brig. Gen. W. B. Smith, formerly Secretary of the War Department general staff, has been designated as United States Secretary of the combined chiefs of staff and also as Secretary for the joint board, and for many other boards and agencies established by the United States War and Navy Departments to insure coordination and unity in major strategical direction and military operations. General Smith's staff of assistants, initially about eight officers, will be selected from officers of the United States Army and United States Navy.
>
> The British Secretary of the combined chiefs of staffs will be Brigadier V. Dykes, who served for some years as the Secretary of the Committee of Imperial Defense and War Cabinet in London. He will be assisted by officers of the British Navy, Army, and Royal Air Force.
>
> While the action of the combined chiefs of staff on broad strategical questions will be in the form of joint recommendations to the heads of their respective governments, in minor and immediate matters relating to current operations they are prepared to take action without delay. The setup therefore amounts to a combined command post for the conduct of all joint operations of the two governments in the war. It will be the control agency for planning and coordinating.
>
> In addition, it will provide a medium for adjusting such joint operations as involve other governments of the United Nations, such as China, the Netherlands East Indies, Australia and New Zealand at the present moment. The representatives of these governments will participate with the combined Chiefs of Staff in the consideration of matters concerning their national interests.
>
> The organization described is being established in the Public Health Building on Constitution Avenue, directly opposite the War Department.
>
> In addition, a most important factor in this setup will be the Munitions Assignments Board, of which Mr. Harry Hopkins is the Chairman, and Major Gen. James H. Burns, the executive, and which has its counterpart in London, both with British and United States membership. These proposals of these committees will be submitted to the combined Chiefs of Staff for their recommendation to the heads of their governments.
>
> Mr. Hopkins' Committee will also be established in the Public Health Building. In the same building will be representatives of the central agency to allocate shipping and of the agency to allocate raw material. Officers of other governments of the United Nations will be established in the same building.

The three combined boards handling materials, munitions and shipping, referred to above, were discussed in these columns of Feb. 5, page 572.

$110 Billion Debt Limit

Secretary of the Treasury Morgenthau revealed on Feb. 9 that he will soon ask Congress to either raise the national debt limit from its present $65,000,000,000 to $110,000,000,000 or to remove it altogether. The estimated total gross debt outstanding as of Jan. 31 was slightly more than $60,000,000,000 and in view of rapidly rising war expenditures it is expected that the present limit will soon be reached. In his budget message to Congress in January, President Roosevelt estimated that at the end of June, 1943, the public debt would approximate $110,000,000,000.

The national debt limit was raised in 1940 from $45,000,000,000 to $49,000,000,000 in order to provide for issuance of $4,000,000,000 of short-term defense obligations, and in February, 1941 the present limit of $65,000,000,000 became effective.

Upholds U. S. Right To Regulate Milk

The right of the Federal Government to regulate intrastate trade if it competes with interstate traffic was upheld by the United States Supreme Court on Feb. 2. Specifically, said the Associated Press, the Court upheld unanimously an order by the Secretary of Agriculture under the 1937 marketing agreement act fixing minimum prices for milk produced and sold entirely within Illinois. The tribunal took this stand, said the advices from which we quote, because the product competed in Chicago with milk from outside the State, the price of which was regulated.

The decision which was given in the case of the Wrightwood Dairy Co. of Chicago upset a ruling by the Seventh Circuit Court, which had held the company exempt from milk marketing regulations prescribed by the Secretary of Agriculture, because all of its operations were confined to Illinois. The decision, said Washington advices Feb. 2 to the New York "Times," will affect similar milk marketing agreements in some 20 other areas; the "Times" account went on to say:

> The Wrightwood concern had obtained an injunction freeing it from application of regulations arranged for the Chicago milk marketing area, which includes parts of Illinois and Indiana, on the ground, as said, that its operations were solely intrastate and therefore immune from Federal regulation.
>
> Chief Justice Stone, arguing that Congress had every power to regulate the price of milk distributed in interstate commerce, added that the Government further "possesses every power to make that regulation effective." The commerce power, he went on, is not confined to regulation of commerce among States.
>
> "It extends," he added, "to those activities which affect interstate commerce . . . as to make regulation of them appropriate means to the attainment of a legitimate end, the effective execution of the granted power to regulate interstate commerce. No form of State activity can constitutionally thwart the regulatory powers granted by the commerce clause to Congress. Hence the reach of that power extends to those intrastate activities which in a substantial way interfere with or obstruct the exercise of the granted power.
>
> "The marketing of intrastate milk which competes with that shipped interstate would tend seriously to break down price regulation of the latter. We think it clear that Congress conferred upon the Secretary authority to regulate the handling of intrastate products which by reason of its competition with the handling of interstate milk so affects that commerce as substantially to interfere with its regulation by Congress."

The Associated Press stated:

> Counsel for the dairy argued that the Attorney-General's construction of the Act of 1937 "would enable the Federal Government to control every enterprise, every occupation and every activity of the people merely by showing that the product involved is in competition with similar products which cross State lines."

An earlier reference to the Wrightwood Dairy Co. case appeared in these columns Feb. 17, 1940, page 1071.

Ala. Health Law Held Invalid In Butter Case

A ruling by the United States Supreme Court on Feb. 2 it was held that Alabama cannot enforce its State health law in connection with the manufacture there of "renovated" butter. The Associated Press, in reporting this, said:

> The State considered this butter an adulterated food, but was told to keep hands off because the Federal Government had stepped into this regulatory field.

The ruling was rendered in a 5-to-4 decision. The majority opinion was written by Justice Reed. Chief Justice Stone and Justices Frankfurter, Murphy and Byrnes dissented.

According to the Washington advices to the New York "Times" the Cloverleaf Butter Co. of Birmingham, Ala., argued that, being licensed under the Federal Renovated Butter Act, this law stopped the Alabama officials from seizing butter being shipped to its plant for inspection.

Justice Reed held that where the Government used its power of legislation as to conflict with a State regulation, "State legislation becomes inoperative and the Federal legislation exclusive" in its application. The "Times" likewise said:

> Deciding that the Alabama laws did conflict with the Federal plan, he added:
>
> "Congress hardly intended the intrusion of another authority during the very preparation of a commodity subjected to the continuous surveillance and comprehensive specifications of the Department of Agriculture. To uphold the power of the State of Alabama to condemn the material in the factory while it was under Federal observation and while Federal enforcement deemed it wholesome would not only hamper the administration of the Federal Act but would be inconsistent with its requirements."

Regarding the dissenting views the Associated Press said:

> In a dissenting opinion, Chief Justice Stone declared that the majority opinion "appears to me to depart radically from the salutary principle that Congress, in enacting legislation within its constitutional authority, will not be deemed to have intended to strike down a State statute designed to protect the health and safety of the public unless the State Act . . . conflicts with the Act of Congress or plainly and palpably infringes its policy."
>
> The Chief Justice contended that the Department of Agriculture had never sought to remove the State's right to inspect the butter and that the Federal law did not remove this power from the States.
>
> Justice Frankfurter, in a separate opinion agreeing with Chief Justice Stone's dissent, asserted: "If ever there was an intrusion by this Court into a field that belongs to Congress and which it has seen fit not to enter, this is it. And what is worse the decision is purely destructive legislation — the Court takes power away from the States but is of course unable to transfer it to the Federal Government."

1941 Wheat Loans

The Department of Agriculture reports that through Jan. 24, 1942, Commodity Credit Corporation made 510,478 loans on 353,150,760 bushels of 1941 wheat in the amount of $346,929,044. The wheat under loan includes 116,360,948 bushels stored on farms and 236,789,812 bushels stored in public warehouses. Loans to the same date last year had been made on 277,961,302 bushels.

Favorable Outlook For U. S. Sugar Production

An increase in the production of sugar in the United States is hoped for this year since the unprecedented distribution of sugar in 1941 reduced the "ever-normal granary" sugar supply by more than 1,000,000 tons, and because of the anticipated curtailment in sugar supplies from some of the offshore areas, Secretary of Agriculture Claude R. Wickard said on Jan. 29. Although production in the offshore areas of this hemisphere is expected to increase, says the Department's advices, supplies for this market from this source are expected to be reduced because of the sugar needs of our Allies, and because of the utilization of large quantities of sugarcane for industrial alcohol for the manufacture of explosives and other war materials.

Higher sugar prices, increased Government payments, and the absence of any limitations on production of sugar beets and sugarcane should result in expanded production, the Secretary said.

In further indicating the sugar policy, the Agriculture Department said:

> Wholesale refined sugar prices, under the price ceilings fixed by the Office of Price Administration, are approximately $1 per hundredweight higher than the average of the period 1938-1940. The base rate of conditional payments to domestic sugar producers has been increased 33⅓%, or from 60 cents to 80 cents per 100 pounds of sugar under legislation recently approved by the President extending the Sugar Act of 1937 for another three years.
>
> On the basis of present sugar prices and the increased conditional payments, sugar beet producers should average between $8.50 and $9.25 per ton of beets on their 1942 crop, compared with an average of $6.75 from the 1938, 1939, and 1940 crops. The returns of Louisiana sugarcane growers, which are further augmented as a result of their sharing in the increased income from the sale of blackstrap molasses, are expected to average between $5.20 and $5.60 per ton of sugarcane, compared with an average of $3.75 on the last three crops marketed. It is anticipated that the income of independent growers in Florida will increase from an average of $4.25 per ton of cane from the last three crops sold to approximately $6 per ton.
>
> During the past four years, the average production of the domestic beet sugar area has been approximately 1,758,000 tons, raw value, with an all-time record production of 1,894,000 tons in 1940. The mainland cane area has averaged approximately 463,000 tons annually during this period, a record production of 583,000 tons having been reached in 1938.

U. S. Credit To Bolivia

The signing of an agreement between the United States and Bolivia for a $25,000,000 Bolivian development program announced on Jan. 28 in Rio de Janeiro, Brazil, where the Inter-American Conference of Foreign Ministers was held. The Associated Press reported as follows:

> A Bolivian development corporation is to be set up with a $10,000,000 credit from the Export-Import Bank at Washington. Its first big project is expected to be construction of a 225-mile highway from Cochabama to Santa Cruz, linking Bolivia's agricultural and mining centers.
>
> The announcement said plans for such a development were under way and that a United States economic mission already was in Bolivia.

Text Of Emergency Price Control Act Of 1942

We are making room here for the text of the measure enacted under the title of the "Emergency Price Control Act of 1942, which became a law on Jan. 30, the date of its signing by President Roosevelt. Various references have appeared in these pages regarding the Congressional action on this bill, two of which were given in our Feb. 5 issue; on page 566 of that issue we published the statement issued by the President with the signing of the bill in which he expressed his doubts "as to the wisdom and adequacy of certain sections of the Act," and stated that "amendments to it may become necessary as we move ahead;" at the same time he said that "the enactment of price control legislation does not mean that the battle against inflation has been won;" also in our Feb. 5, page 584, detailed reference was made to the final Congressional action on the measure, brief mention of which appeared in our Jan. 27 issue, page 440. The text of the new Act follows:

[Public Law 421—77th Congress]
[Chapter 26—2d Session]
[H. R. 5990]

AN ACT

To further the national defense and security by checking speculative and excessive price rises, price dislocations, and inflationary tendencies, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

Title I—General Provisions And Authority

Purposes; Time Limit; Applicability

Section 1. (a) It is hereby declared to be in the interest of the national defense and security and necessary to the effective prosecution of the present war, and the purposes of this Act are, to stabilize prices and to prevent speculative, unwarranted, and abnormal increases in prices and rents; to eliminate and prevent profiteering, hoarding, manipulation, speculation, and other disruptive practices resulting from abnormal market conditions or scarcities caused by or contributing to the national emergency; to assure that defense appropriations are not dissipated by excessive prices; to protect persons with relatively fixed and limited incomes. consumers, wage earners, investors, and persons dependent on life insurance, annuities, and pensions, from undue impairment of their standard of living; to prevent hardships to persons engaged in business, to schools, universities, and other institutions, and to the Federal, State, and local governments, which would result from abnormal increases in prices; to assist in securing adequate production of commodities and facilities; to preven a post emergency collapse of values; to stabilize agricultural prices in the manner provided in section 3; and to permit voluntary cooperation between the Government and producers, processors, and others to accomplish the aforesaid purposes. It shall be the policy of those departments and agencies of the Government dealing with wages (including the Department of Labor and its various bureaus, the War Department, the Navy Department, the War Production Board, the National Labor Relations Board, the National Mediation Board, the National War Labor Board, and others heretofore or hereafter created), within the limits of their authority and jurisdiction, to work toward a stabilization of prices, fair and equitable wages, and cost of production.

(b) The provisions of this Act, and all regulations, orders, price schedules, and requirements thereunder, shall terminate on June 30, 1943, or upon the date of a proclamation by the President, or upon the date specified in a concurrent resolution by the two Houses of the Congress, declaring that the further continuance of the authority granted by this Act is not necessary in the interest of the national defense and security, whichever date is the earlier; except that as to offenses committed, or rights or liabilities incurred, prior to such termination date, the provisions of this Act and such regulations, orders, price schedules, and requirements shall be treated as still remaining in force for the purpose of sustaining any proper suit, action, or prosecution with respect to any such right, liability, or offense.

(c) The provisions of this Act shall be applicable to the United States, its Territories and possessions, and the District of Columbia.

Prices, Rents, and Market and Renting Practices

Sec. 2. (a) Whenever in the judgment of the Price Administrator (provided for in section 201) the price or prices of a commodity or commodities have risen or threaten to rise to an extent or in a manner inconsistent with the purposes of this Act, he may by regulation or order establish such maximum price or maximum prices as in his judgment will be generally fair and equitable and will effectuate the purposes of this Act. So far as practicable, in establishing any maximum price, the Administrator shall ascertain and give due consideration to the prices prevailing between Oct. 1 and Oct. 15, 1941 (or if, in the case of any commodity, there are no prevailing prices between such dates, or the prevailing prices between such dates are not generally representative because of abnormal or seasonal market conditions or other cause, then to the prices prevailing during the nearest two-week period in which, in the judgment of the Administrator, the prices for such commodity are generally representative), for the commodity or commodities included under such regulation or order, and shall make adjustments for such relevant factors as he may determine and deem to be of general applicability, including the following: Speculative fluctuations, general increases or decreases in costs of production, distribution, and transportation, and general increases or decreases in profits earned by sellers of the commodity or commodities, during and subsequent to the year ended Oct. 1, 1941. Every regulation or order issued under the foregoing provisions of this subsection shall be accompanied by a statement of the considerations involved in the issuance of such regulation or order. As used in the foregoing provisions of this subsection, the term "regulation or order" means a regulation or order of general applicability and effect. Before issuing any regulation or order under the foregoing provisions of this subsection, the Administrator shall. so far as practicable, advise and consult with representative members of the industry which will be affected by such regulation or order. In the case of any commodity for which a maximum price has been established, the Administrator shall, at the request of any substantial portion of the industry subject to such maximum price, regulation, or order of the Administrator, appoint an industry advisory committee, or committees, either national or regional or both, consisting of such number of representatives of the industry as may be necessary in order to constitute a committee truly representative of the industry, or of the industry in such region, as the case may be. The committee shall select a chairman from among its members, and shall meet at the call of the chairman. The Administrator shall from time to time, at the request of the committee, advise and consult with the committee with respect to the regulation or order, and with respect to the form thereof, and classifications, differentiations, and adjustments therein. The committee may make such recommendations to the Administrator as it deems advisable. Whenever in the judgment of the Administrator such action is necessary or proper in order to effectuate the purposes of this Act, he may, without regard to the foregoing provisions of this subsection, issue temporary regulations or orders establishing as a maximum price or maximum prices the price or prices prevailing with respect to any commodity or commodities within five days prior to the date of issuance of such temporary regulations or orders; but any such temporary regulation or order shall be effective for not more than 60 days, and may be replaced by a regulation or order issued under the foregoing provisions of this subsection.

(b) Whenever in the judgment of the Administrator such action is necessary or proper in order to effectuate the purposes of this Act, he shall issue a declaration setting forth the necessity for, and recommendations with reference to, the stabilization or reduction of rents for any defense-area housing accommodations within a particular defense-rental area. If within 60 days after the issuance of any such recommendations rents for any such accommodations within such defense-rental area have not in the judgment of the Administrator been stabilized or reduced by State or local regulation, or otherwise, in accordance with the recommendations, the Administrator may by regulation or order establish such maximum rent or maximum rents for such accommodations as in his judgment will be generally fair and equitable and will effectuate the purposes of this Act. So far as practicable, in establishing any maximum rent for any defense-area housing accommodations, the Administrator shall ascertain and give due consideration to the rents prevailing for such accommodations, or comparable accommodations, on or about April 1, 1941 (or if, prior or subsequent to April 1, 1941, defense activities shall have resulted or threatened to result in increases in rents for housing accommodations in such area inconsistent with the purposes of this Act, then on or about a date [not earlier than April 1, 1940], which in the judgment of the Administrator, does not reflect such increases), and he shall make adjustments for such relevant factors as he may determine and deem to be of general applicability in respect of such accommodations, including increases or decreases in property taxes and other costs. In designating defense-rental areas, in prescribing regulations and orders establishing maximum rents for such accommodations, and in selecting persons to administer such regulations and orders, the Administrator shall, to such extent as he determines to be practicable, consider any recommendations which may be made by State and local officials concerned with housing or rental conditions in any defense-rental area.

(c) Any regulation or order under this section may be established in such form and manner, may contain such classifications and differentiations, and may provide for such adjustments and reasonable exceptions, as in the judgment of the Administrator are necessary or proper in order to effectuate the purposes of this Act. Any regulation or order under this section which establishes a maximum price or maximum rent may provide for a maximum price or maximum rent below the price or prices prevailing for the commodity or commodities, or below the rent or rents prevailing for the defense-area housing accommodations, at the time of the issuance of such regulation or order.

(d) Whenever in the judgment of the Administrator such action is necessary or proper in order to effectuate the purposes of this Act, he may, by regulation or order, regulate or prohibit speculative or manipulative practices (including practices relating to changes in form or quality) or hoarding, in connection with any commodity, and speculative or manipulative practices or renting or leasing practices (including practices relating to recovery of the possession) in connection with any defense-area housing accommodations, which in his judgment are equivalent to or are likely to result in price or rent increases, as the case may be, inconsistent with the purposes of this Act.

(e) Whenever the Administrator determines that the maximum necessary production of any commodity is not being obtained or may not be obtained during the ensuing year, he may, on behalf of the United States, without regard to the provisions of law requiring competitive bidding, buy or sell at public or private sale, or store or use, such commodity in such quantities and in such manner and upon such terms and conditions as he determines to be necessary to obtain the maximum necessary production thereof or otherwise to supply the demand therefor, or make subsidy payments to domestic producers of such commodity in such amounts and in such manner and upon such terms and conditions as he determines to be necessary to obtain the maximum necessary production thereof: *Provided*, That in the case of any commodity which has heretofore or may hereafter be defined as a strategic or critical material by the President pursuant to section 5d of the Reconstruction Finance Corporation Act, as amended, such determinations shall be made by the Federal Loan Administrator, with the approval of the President, and, notwithstanding any other provision of this Act or of any existing law, such commodity may be bought or sold, or stored or used, and such subsidy payments to domestic producers thereof may be paid, only by corporations created or organized pursuant to such section 5d; except that in the case of the sale of any commodity by any such corporation, the sale price therefor shall not exceed any maximum price established pursuant to subsection (a) of this section which is applicable to such commodity at the time of sale or delivery, but such sale price may be below such maximum price or below the purchase price of such commodity, and the Administrator may make recommendations with respect to the buying or selling, or storage or use, of any such commodity. In any case in which a commodity is domestically produced, the powers granted to the Administrator by this subsection shall be exercised with respect to importations of such commodity only to the extent that, in the judgment of the Administrator, the domestic production of the commodity is not sufficient to satisfy the demand therefor. Nothing in this section shall be construed to modify, suspend, amend, or supersede any provision of the Tariff Act of 1930, as amended, and nothing in this section, or in any existing law, shall be construed to authorize any sale or other disposition of any agricultural commodity contrary to the provisions of the Agricultural Adjustment Act of 1938, as amended, or to authorize the Administrator to prohibit trading in any agricultural commodity for future delivery if such trading is subject to the provisions of the Commodity Exchange Act, as amended.

(f) No power conferred by this section shall be construed to authorize any action contrary to the provisions and purposes of section 3, and no agricultural commodity shall be sold within the United States pursuant to the provisions of this section by any governmental agency at a price below the price limitations imposed by section 3 (a) of this Act with respect to such commodity.

(g) Regulations, orders, and requirements under this Act may contain such provisions as the Administrator deems necessary to prevent the circumvention or evasion thereof.

(h) The powers granted in this section shall not be used or made to operate to compel changes in the business practices, cost practices or methods, or means or aids to distribution, established in any industry, except to prevent circumvention or evasion of any regulation, order, price schedule, or requirement under this Act.

(i) No maximum price shall be established for any fishery commodity below the average price of such commodity in the year 1941.

Agricultural Commodities

Sec. 3. (a) No maximum price shall be established or maintained for any agricultural commodity below the highest of any of the following prices, as determined and published by the Secretary of Agriculture: (1) 110 per centum of the parity price for such commodity, adjusted by the Secretary of Agriculture for grade, location, and seasonal differentials, or, in case a comparable price has been determined for such commodity under subsection (b), 110 per centum of such comparable price, adjusted in the same manner, in lieu of 110 per centum of the parity price so adjusted; (2) the market price prevailing for such commodity on Oct. 1, 1941; (3) the market price prevailing for such commodity on Dec. 15, 1941; or (4) the average price for such commodity during the period July 1, 1919, to June 30, 1929.

(b) For the purposes of this Act, parity prices shall be determined and published by the Secretary of Agriculture as authorized by law. In the case of any agricultural commodity other than the basic crops corn, wheat, cotton, rice, tobacco, and peanuts, the Secretary shall determine and publish a comparable price whenever he finds, after investigation and public hearing, that the production and consumption of such commodity has so changed in extent or character since the base period as to result in a price out of line with parity prices for basic commodities.

(c) No maximum price shall be established or maintained for any commodity processed or manufactured in whole or substantial part from any agricultural commodity below a price which will reflect to producers of such agricultural commodity a price for such agricultural commodity equal to the highest price therefor specified in subsection (a).

(d) Nothing contained in this Act shall be construed to modify, repeal, supersede, or affect the provisions of the Agricultural Marketing Agreement Act of 1937, as amended, or to invalidate any marketing agreement, license, or order, or any provision thereof or amendment thereto, heretofore or hereafter made or issued under the provisions of such Act.

(e) Notwithstanding any other provisions of this or any other law, no action shall be taken under this Act by the Administrator or any other person with respect to any agricultural commodity without the prior approval of the Secretary of Agriculture; except that the Administrator may take such action as may be necessary under section 202 and section 205 (a) and (b) to enforce compliance with any regulation, order, price schedule or other requirement with respect to an agricultural commodity which has been previously approved by the Secretary of Agriculture.

(f) No provision of this Act or of any existing law shall be construed to authorize any action contrary to the provisions and purposes of this section.

Prohibitions

Sec. 4. (a) It shall be unlawful, regardless of any contract, agreement, lease, or other obligation heretofore or hereafter entered into, for any person to sell or deliver any commodity, or in the course of trade or business to buy or receive any commodity, or to demand or receive any rent for any defense-area housing accommodations, or otherwise to do or omit to do any act, in violation of any regulation or order under section 2, or of any price schedule effective in accordance with the provisions of section 206, or of any regulation, order, or requirement under section 202 (b) or section 205 (f), or to offer, solicit, attempt, or agree to do any of the foregoing.

(b) It shall be unlawful for any person to remove or attempt to remove from any defense-area housing accommodations the tenant or occupant thereof or to refuse to renew the lease or agreement for the use of such accommodations, because such tenant or occupant has taken, or proposes to take, action authorized or required by this Act or any regulation, order, or requirement thereunder.

(c) It shall be unlawful for any officer or employee of the Government, or for any adviser or consultant to the Administrator in his official capacity, to disclose, otherwise than in the course of official duty, any information obtained under this Act, or to use any such information, for personal benefit.

(d) Nothing in this Act shall be construed to require any person to sell any commodity or to offer any accommodations for rent.

Voluntary Agreements

Sec. 5. In carrying out the provisions of this Act, the Administrator is authorized to confer with producers, processors, manufacturers, retailers, wholesalers, and other groups having to do with commodities, and with representatives and associations thereof, to cooperate with any agency or person, and to enter into voluntary arrangements or agreements with any such persons, groups, or associations relating to the fixing of maximum prices, the issuance of other regulations or orders, or the other purposes of this Act, but no such arrangement or agreement shall modify any regulation, order, or price schedule previously issued which is effective in accordance with the provisions of section 2 or section 206. The Attorney General shall be promptly furnished with a copy of each such arrangement or agreement.

Title II—Administration And Enforcement

Administration

Sec. 201. (a) There is hereby created an Office of Price Administration, which shall be under the direction of a Price Administrator (referred to in this Act as the "Administrator"). The Administrator shall be appointed by the President, by and with the advice and consent of the Senate, and shall receive compensation at the rate of $12,000 per annum. The Administrator may, subject to the civil-service laws, appoint such employees as he deems necessary in order to carry out his functions and duties under this Act, and shall fix their compensation in accordance with the Classification Act of 1923, as amended. The Administrator may utilize the services of Federal, State, and local agencies and may utilize and establish such regional, local, or other agencies, and utilize such voluntary and uncompensated services, as may from time to time be needed. Attorneys appointed under this section may appear for and represent the Administrator in any case in any court. In the appointment, selection, classification, and promotion of officers and employees of the Office of Price Administration, no political test or qualification shall be permitted or given consideration, but all such appointments and promotions shall be given and made on the basis of merit and efficiency.

(b) The principal office of the Administrator shall be in the District of Columbia, but he or any duly authorized representative may exercise any or all of his powers in any place. The President is authorized to transfer any of the powers and functions conferred by this Act upon the Office of Price Administration with respect to a particular commodity or commodities to any other department or agency of the Government having other functions relating to such commodity or commodities, and to transfer to the Office of Price Administration any of the powers and functions relating to priorities or rationing conferred by law upon any other department or agency of the Government with respect to any particular commodity or commodities; but, notwithstanding any provision of this or any other law, no powers or functions conferred by law upon the Secretary of Agriculture shall be transferred to the Office of Price Administration or to the Administrator, and no powers or functions conferred by law upon any other department or agency of the Government with respect to any agricultural commodity, except powers and functions relating to priorities or rationing, shall be so transferred.

(c) The Administrator shall have authority to make such expenditures (including expenditures for personal services and rent at the seat of government and elsewhere; for lawbooks and books of reference; and for paper, printing, and binding) as he may deem necessary for the administration and enforcement of this Act. The provisions of section 3709 of the Revised Statutes shall not apply to the purchase of supplies and services by the Administrator where the aggregate amount involved does not exceed $250.

(d) The Administrator may, from time to time, issue such regulations and orders as he may deem necessary or proper in order to carry out the purposes and provisions of this Act.

Investigations; Records; Reports

Sec. 202. (a) The Administrator is authorized to make such studies and investigations and to obtain such information as he deems necessary or proper to assist him in prescribing any regulation or order under this Act, or in the administration and enforcement of this Act and regulations, orders, and price schedules thereunder.

(b) The Administrator is further authorized, by regulation or order, to require any person who is engaged in the business of dealing with any commodity, or who rents or offers for rent or acts as broker or agent for the rental of any housing accommodations, to furnish any such information under oath or affirmation or otherwise, to make and keep records and other documents, and to make reports, and he may require any such person to permit the inspection and copying of records and other documents, the inspection of inventories, and the inspection of defense-area housing accommodations. The Administrator may administer oaths and affirmations and may, whenever necessary, by subpena require any such person to appear and testify or to appear and produce documents, or both, at any designated place.

(c) For the purpose of obtaining any information under subsection (a), the Administrator may by subpena require any other person to appear and testify or to appear and produce documents, or both, at any designated place.

(d) The production of a person's documents at any place other than his place of business shall not be required under this section in any case in which, prior to the return date specified in the subpena issued with respect thereto, such person either has furnished the Administrator with a copy of such documents (certified by such person under oath to be a true and correct copy), or has entered into a stipulation with the Administrator as to the information contained in such documents.

(e) In case of contumacy by, or refusal to obey a subpena served upon, any person referred to in subsection (c), the district court for any district in which such person is found or resides or transacts business, upon application by the Administrator, shall have jurisdiction to issue an order requiring such person to appear and give testimony or to appear and produce documents, or both; and any failure to obey such order of the court may be punished by such court as a contempt thereof. The provisions of this subsection shall also apply to any person referred to in subsection (b), and shall be in addition to the provisions of section 4 (a).

(f) Witnesses subpenaed under this section shall be paid the same fees and mileage as are paid witnesses in the district courts of the United States.

(g) No person shall be excused from complying with any requirements under this section because of his privilege against self-incrimination, but the immunity provisions of the Compulsory Testimony Act of Feb. 11, 1893 (U. S. C., 1934 edition, title 49, sec. 46), shall apply with respect to any individual who specifically claims such privilege.

(h) The Administrator shall not publish or disclose any information obtained under this Act that such Administrator deems confidential or with reference to which a request for confidential treatment is made by the person furnishing such information, unless he determines that the withholding thereof is contrary to the interest of the national defense and security.

Procedure

Sec. 203. (a) Within a period of 30 days after the issuance of any regulation or order under section 2, or in the case of a price schedule, within a period of 60 days after the effective date thereof specified in section 206, any person subject to any provision of such regulation, order, or price schedule may, in accordance with regulations to be prescribed by the Administrator, file a protest specifically setting forth objections to any such provision and affidavits or other written evidence in support of such objections. At any time after the expiration of such 60 days any persons subject to any provision of such regulation, order, or price schedule may file such a protest based solely on grounds arising after the expiration of such 60 days. Statements in support of any such regulation, order, or price schedule may be received and incorporated in the transcript of the proceedings at such times and in accordance with such regulations as may be prescribed by the Administrator. Within a reasonable time after the filing of any protest under this subsection, but in no event more than 30 days after such filing or 90 days after the issuance of the regulation or order (or in the case of a price schedule, 90 days after the effective date thereof specified in section 206) in respect of which the protest is filed, whichever occurs later, the Administrator shall either grant or deny such protest in whole or in part, notice such protest for hearing, or provide an opportunity to present further evidence in connection therewith. In the event that the Administrator denies any such protest in whole or in part, he shall inform the protestant of the grounds upon which such decision is based, and of any economic data and other facts of which the Administrator has taken official notice.

(b) In the administration of this Act the Administrator may take official notice of economic data and other facts, including facts found by him as a result of action taken under section 202.

(c) Any proceedings under this section may be limited by the Administrator to the filing of affidavits, or other written evidence, and the filing of briefs.

Review

Sec. 204. (a) Any person who is aggrieved by the denial or partial denial of his protest may, within 30 days after such denial, file a complaint with the Emergency Court of Appeals, created pursuant to subsection (c), specifying his objections and praying that the regulation, order, or price schedule protested be enjoined or set aside in whole or in part. A copy of such complaint shall forthwith be served on the Administrator, who shall certify and file with such court a transcript of such portions of the proceedings in connection with the protest as are material under the complaint. Such transcript shall include a statement setting forth, so far as practicable, the economic data and other facts of which the Administrator has taken official notice. Upon the filing of such complaint the court shall have exclusive jurisdiction to set aside such regulation, order, or price schedule, in whole or in part, to dismiss the complaint, or to remand the proceeding: *Provided*, That the regulation, order, or price schedule may be modified or rescinded by the Administrator at any time notwithstanding the pendency of such complaint. No objection to such regulation, order, or price schedule, and no evidence in support of any objection thereto, shall be considered by the court, unless such objection shall have been set forth by the complainant in the protest or such evidence shall be contained in the transcript. If application is made to the court by either party for leave to introduce additional evidence which was either offered to the Administrator and not admitted, or which could not reasonably have been offered to the Administrator or included by the Administrator in such proceedings, and the court determines that such evidence should be admitted, the court shall order the evidence to be presented to the Administrator. The Administrator shall promptly receive the same, and such other evidence as he deems necessary or proper, and thereupon he shall certify and file with the court a transcript thereof and any modification made in the regulation order, or price schedule as a result thereof; except that on request by the Administrator, any such evidence shall be presented directly to the court.

(b) No such regulation, order, or price schedule shall be enjoined or set aside, in whole or in part, unless the complainant establishes to the satisfaction of the court that the regulation, order, or price schedule is not in accordance with law, or is arbitrary or capricious. The effectiveness of a judgment of the court enjoining or setting aside, in whole or in part, any such regulation, order, or price schedule shall be postponed until the expiration of 30 days from the entry thereof, except that if a petition for a writ of certiorari is filed with the Supreme Court under subsection (d) within such 30 days, the effectiveness of such judgment shall be postponed until an order of the Supreme Court denying such petition becomes final, or until other final disposition of the case by the Supreme Court.

(c) There is hereby created a court of the United States to be known as the Emergency Court of Appeals, which shall consist of three or more judges to be designated by the Chief Justice of the United States from judges of the United States district courts and circuit courts of appeals. The Chief Justice of the United States shall designate one of such judges as chief judge of the Emergency Court of Appeals, and may, from time to time, designate additional judges for such court and revoke previous designations. The chief judge may, from time to time, divide the court into divisions of three or more members, and any such division may render judgment as the judgment of the court. The court shall have the powers of a district court with respect to the jurisdiction conferred on it by this Act; except that the court shall not have power to issue any temporary restraining order or interlocutory decree staying or restraining in whole or in part, the effectiveness of any regulation or order issued under section 2 or any price schedule effective in accordance with the provisions of section 206. The court shall exercise its powers and prescribe rules governing its procedure in such manner as to expedite the determination of cases of which it has jurisdiction under this Act. The court may fix and establish a table of costs and fees to be approved by the Supreme Court of the United States, but the costs and fees so fixed shall not exceed with respect to any item the costs and fees charged in the Supreme Court of the United States. The court shall have a seal, hold sessions at such places as it may specify, and appoint a clerk and such other employees as it deems necessary or proper.

(d) Within 30 days after entry of a judgment or order, interlocutory or final, by the Emergency Court of Appeals, a petition for a writ of certiorari may be filed in the Supreme Court of the United States, and thereupon the judgment or order shall be subject to review by the Supreme Court in the same manner as a judgment of a circuit court of appeals as provided in section 240 of the Judicial Code, as amended (U. S. C., 1934 edition, title 28, sec. 347). The Supreme Court shall advance on the docket and expedite the disposition of all causes filed therein pursuant to this subsection. The Emergency Court of Appeals, and the Supreme Court upon review of judgments and orders of the Emergency Court of Appeals, shall have exclusive jurisdiction to determine the validity of any regulation or order issued under section 2, of any price schedule effective in accordance with the provisions of section 206, and of any provision of any such regulation, order, or price schedule. Except as provided in this section, no court, Federal, State, or Territorial, shall have jurisdiction or power to consider the validity of any such regulation, order, or price schedule, or to stay, restrain, enjoin, or set aside, in whole or in part, any provision of this Act authorizing the issuance of such regulations or orders, or making effective any such price schedule, or any provision of any such regulation, order, or price schedule, or to restrain or enjoin the enforcement of any such provision.

Enforcement

Sec. 205. (a) Whenever in the judgment of the Administrator any person has engaged or is about to engage in any acts or practices which constitute or will constitute a violation of any provision of section 4 of this Act, he may make application to the appropriate court for an order enjoining such acts or practices, or for an order enforcing compliance with such provision, and upon a showing by the Administrator that such person has engaged or is about to engage in any such acts or practices a permanent or temporary injunction, restraining order, or other order shall be granted without bond.

(b) Any person who willfully violates any provision of section 4 of this Act, and any person who makes any statement or entry false in any material respect in any document or report required to be kept or filed under section 2 or section 202, shall, upon conviction thereof, be subject to a fine of not more than $5,000, or to imprisonment for not more than two years in the case of a violation of section 4 (c) and for not more than one year in all other cases, or to both such fine and imprisonment. Whenever the Administrator has reason to believe that any person is liable to punishment under this subsection, he may certify the facts to the Attorney General, who may, in his discretion, cause appropriate proceedings to be brought.

(c) The district courts shall have jurisdiction of criminal proceedings for violations of section 4 of this Act, and, concurrently with State and Territorial courts, of all other proceedings under section 205 of this Act. Such criminal proceedings may be brought in any district in which any part of any act or transaction constituting the violation occurred. Except as provided in section 205 (f) (2), such other proceedings may be brought in any district in which any part of any act or transaction constituting the violation occurred, and may also be brought in the district in which the defendant resides or transacts business, and process in such cases may be served in any district wherein the defendant resides or transacts business or wherever the defendant may be found. Any such court shall advance on the docket and expedite the disposition of any criminal or other proceedings brought before it under this section. No costs shall be assessed against the Administrator or the United States Government in any proceeding under this Act.

(d) No person shall be held liable for damages or penalties in any Federal, State, or Territorial court, on any grounds for or in respect of any thing done or omitted to be done in good faith pursuant to any provision of this Act or any regulation, order, price schedule, requirement, or agreement thereunder, or under any price schedule of the Administrator of the Office of Price Administration or of the Administrator of the Office of Price Administration and Civilian Supply, notwithstanding that subsequently such provision, regulation, order, price schedule, requirement, or agreement may be modified, rescinded, or determined to be invalid. In any suit or action wherein a party relies for ground of relief or defense upon this Act or any regulation, order, price schedule, requirement, or agreement thereunder, the court having jurisdiction of such suit or action shall certify such fact to the Administrator. The Administrator may intervene in any such suit or action.

(e) If any person selling a commodity violates a regulation, order, or price schedule prescribing a maximum price or maximum prices, the person who buys such commodity for use or consumption other than in the course of trade or business may bring an action either for $50 or for treble the amount by which the consideration exceeded the applicable maximum price, whichever is the greater, plus reasonable attorney's fees and costs as determined by the court. For the purposes of this section the payment or receipt of rent for defense area housing accommodations shall be deemed the buying or selling of a commodity, as the case may be. If any person selling a commodity violates a regulation, order, or price schedule prescribing a maximum price or maximum prices, and the buyer is not entitled to bring suit or action under this subsection, the Administrator may bring such action under this subsection on behalf of the United States. Any suit or action under this subsection may be brought in any court of competent jurisdiction, and shall be instituted within one year after delivery is completed or rent is paid. The provisions of this subsection shall not take effect until after the expiration of six months from the date of enactment of this Act.

(f) (1) Whenever in the judgment of the Administrator such action is necessary or proper in order to effectuate the purposes of this Act and to assure compliance with and provide for the effective enforcement of any regulation or order issued or which may be issued under section 2, or of any price schedule effective in accordance with the provisions of section 206, he may by regulation or order issue to or require of any person or persons subject to any regulation or order issued under section 2, or subject to any such price schedule, a license as a condition of selling any commodity or commodities with respect to which such regulation, order, or price schedule is applicable. It shall not be necessary for the Administrator to issue a separate license for each commodity or for each regulation, order, or price schedule with respect to which a license is required. No such license shall contain any provision which could not be prescribed by regulation, order, or requirement under section 2 or section 202: *Provided*, That no such license may be required as a condition of selling or distributing (except as waste or scrap) newspapers, periodicals, books, or other printed or written material, or motion pictures, or as a condition of selling radio time: *Provided further*, That no license may be required of any farmer as a condition of selling any agricultural commodity produced by him, and no license may be required of any fisherman as a condition of selling any fishery commodity caught or taken by him: *Provided further*, That in any case in which such a license is required of any person, the Administrator shall not have power to deny to such person a license to sell any commodity or commodities, unless such person already has such a license to sell such commodity or commodities, or unless there is in effect under paragraph (2) of this subsection with respect to such person an order of suspension of a previous license to the extent that such previous license authorized such person to sell such commodity or commodities.

(2) Whenever in the judgment of the Administrator a person has violated any of the provisions of a license issued under this subsection, or has violated any of the provisions of any regulation, order, or requirement under section 2 or section 202 (b), or any of the provisions of any price schedule effective in accordance with the provisions of section 206, which is applicable to such person, a warning notice shall be sent by registered mail to such person. If the Administrator has reason to believe that such person has again violated any of the provisions of such license, regulation, order, price schedule, or requirement after receipt of such warning notice, the Administrator may petition any State or Territorial court of competent jurisdiction, or a district court subject to the limitations hereinafter provided, for an order suspending the license of such person for any period of not more than 12 months. If any such court finds that such person has violated any of the provisions of such license, regulation, order, price schedule, or requirement after the receipt of the warning notice, such court shall issue an order suspending the license to the extent that it authorizes such person to sell the commodity or commodities in connection with which the violation occurred, or to the extent that it authorizes such person to sell any commodity or commodities with respect to which a regulation or order issued under section 2, or a price schedule effective in accordance with the provisions of section 206, is applicable; but no such suspension shall be for a period of more than 12 months. For the purposes of this subsection, any such proceedings for the suspension of a license may be brought in a district court if the licensee is doing buiness in more than one State, or if his gross sales exceed $100,000 per annum. Within 30 days after the entry of the judgment or order of any court either suspending a license, or dismissing or denying in whole or in part the Administrator's petition for suspension, an appeal may be taken from such judgment or order in like manner as an appeal may be taken in other cases from a judgment or order of a State, Territorial, or district court, as the case may be. Upon good cause shown, any such order of suspension may be stayed by the appropriate court or any judge thereof in accordance with the applicable practice; and upon written stipulation of the parties to the proceeding for suspension, approved by the trial court, any such order of suspension may be modified, and the license which has been suspended may be restored, upon such terms and conditions as such court shall find reasonable. Any such order of suspension shall be affirmed by the appropriate appellate court if, under the applicable rules of law, the evidence in the record supports a finding that there has been a violation of any provision of such license, regulation, order, price schedule, or requirement after receipt of such warning notice. No proceedings for suspension of a license, and no such suspension, shall confer any immunity from any other provision of this Act.

Saving Provisions

Sec. 206. Any price schedule establishing a maximum price or maximum prices, issued by the Administrator of the Office of Price Administration or the Administrator of the Office of Price Administration and Civilian Supply, prior to the date upon which the Administrator provided for by section 201 of this Act takes office, shall, from such date, have the same effect as if issued under section 2 of this Act until such price schedule is superseded by action taken pursuant to such section 2. Such price schedules shall be consistent with the standards contained in section 2 and the limitations contained in section 3 of this Act, and shall be subject to protest and review as provided in section 203 and section 204 of this Act. All such price schedules shall be reprinted in the Federal Register within 10 days after the date upon which such Administrator takes office.

Title III—Miscellaneous

Quarterly Report

Sec. 301. The Administrator from time to time, but not less frequently than once every 90 days shall transmit to the Congress a report of operations under this Act. If the Senate or the House of Representatives is not in session, such reports shall be transmitted to the Secretary of the Senate, or the Clerk of the House of Representatives, as the case may be.

Definitions

Sec. 302. As used in this Act—

(a) The term "sale" includes sales, dispositions, exchanges, leases, and other transfers, and contracts and offers to do any of the foregoing. The terms "sell", "selling", "seller", "buy", and "buyer", shall be construed accordingly.

(b) The term "price" means the consideration demanded or received in connection with the sale of a commodity.

(c) The term "commodity" means commodities, articles, products, and materials (except materials furnished for publication by any press association or feature service, books, magazines, motion pictures, periodicals and newspapers, other than as waste or scrap), and it also includes services rendered otherwise than as an employee in connection with the processing, distribution, storage, installation, repair, or negotiation of purchases or sales of a commodity, or in conection with the operation of any service establishment for the servicing of a commodity: *Provided*, That nothing in this Act shall be construed to authorize the regulation of (1) compensation paid by an employer to any of his employees, or (2) rates charged by any common carrier or other public utility, or (3) rates charged by any person engaged in the business of selling or underwriting insurance, or (4) rates charged by any person engaged in the business of operataing or publishing a newspaper, periodical, or magazine, or operating a radio-broadcasting station, a motion-picture or other theater enterprise, or outdoor advertising facilities, or (5) rates charged for any professional services.

(d) The term "defense-rental area" means the District of Columbia and any area designated by the Administrator as an area where defense activities have resulted or threaten to result in an increase in the rents for housing accommodations inconsistent with the purposes of this Act.

(e) The term "defense-area housing accommodations" means housing accommodations within any defense-rental area.

(f) The term "housing accommodations" means any building, structure, or part thereof, or land appurtenant thereto, or any other real or personal property rented or offered for rent for living or dwelling purposes (including houses, apartments, hotels, rooming or boarding house accommodations, and other properties used for living or dwelling purposes) together with all privileges, services, furnishings, furniture, and facilities connected with the use or occupancy of such property.

(g) The term "rent" means the consideration demanded or received in connection with the use or occupancy or the transfer of a lease of any housing accommodations.

(h) The term "person" includes an individual, corporation, partnership, association, or any other organized group of persons, or legal successor or representative of any of the foregoing, and includes the United States or any agency thereof, or any other government, or any of its political subdivisions, or any agency of any of the foregoing: *Provided*, That no punishment provided by this Act shall apply to the United States, or to any such government, political subdivision, or agency.

(i) The term "maximum price," as applied to prices of commodities means the maximum lawful price for such commodities, and the term "maximum rent" means the maximum lawful rent for the use of defense-area housing accommodations. Maximum prices and maximum rents may be formulated, as the case may be, in terms of prices, rents, margins, commissions, fees, and other charges, and allowances.

(j) The term "documents" includes records, books, accounts, correspondence, memoranda, and other documents, and drafts and copies of any of the foregoing.

(k) The term "district court" means any district court of the United States, and the United States Court for any Territory or other place subject to the jurisdiction of the United States; and the term "circuit courts of appeals" includes the United States Court of Appeals for the District of Columbia.

Separability

Sec. 303. If any provision of this Act or the application of such provision to any person or circumstances shall be held invalid, the validity of the remainder of the Act and the applicability of such provision to other persons or circumstances shall not be affected thereby.

Appropriations Authorized

Sec. 304. There are authorized to be appropriated such sums as may be necessary or proper to carry out the provisions and purposes of this Act.

Application of Existing Law

Sec. 305. No provision of law in force on the date of enactment of this Act shall be construed to authorize any action inconsistent with the provisions and purposes of this Act.

Short Title

Sec. 306. This Act may be cited as the "Emergency Price Control Act of 1942."

Approved, Jan. 30, 1942.

L. N. de Rothschild Dead

Lionel Nathan de Rothschild, Unionist member of Parliament for Aylesbury from 1910 to 1923 died in London on Jan. 28, at the age of 60, according to a dispatch from London to the N. Y. "Times" dated Jan. 28.

Mr. de Rothschild was a partner in the banking firm of N. M. Rothschild & Sons.

In 1917 he received the Order of the British Empire.

Opportunity In Pension Funds Stressed At Trust Conference—Other Addresses

Addressing the Midwinter Trust Conference of the Trust Division of the ABA in New York on Feb. 3, Henry W. Koeneke, President of the American Bankers' Association observed that "for the second time in the life of the Trust Division our country is at war. And it is in terms of that fact that we must conduct our affairs until victory is won and peace is reestablished in the world." Mr. Koeneke, who is also President of the Security Bank of Ponca City, Okla. further remarked that "the major services which banks will now have to provide the nation at war fall into two classifications, enlarged financing of the production of war goods directly and indirectly, and promotion of the sale of defense bonds. These assignments we volunteer to accept on behalf of all banks. They will be carried out on a scale beyond anything that has been done to date." He added:

> The Association's program of meetings has been recast in the light of war conditions. More than ever, its conferences will be "shirt sleeves" sessions such as this one and the discussions planned will be directed toward war service. This is the first of our 1942 conferences. I compliment you on your theme, "Adapting trust business to wartime conditions."
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> Your Association is alert to the exigencies of the time. . . . You are performing a vital service to the homes which are the foundation of American democracy. In your care in a considerable degree are the lives and futures of many people. As you prevent waste and needless dissipation of estates you preserve the assets of our national economy. As you protect the lives and futures of beneficiaries you help to assure the realization of the true destiny of America. War heightens your responsibilities and your opportunities too.

Walter P. Armstrong, of Memphis, Tenn., President of the American Bar Association, who, as a speaker, participated on Feb. 3 in the Mid-Winter Trust Conference of the Trust Division of the ABA stated that "as gratifying in itself as was this joint enterprise of our two organizations it has another significance which we should not allow to escape us. It is a demonstration of the possibilities of future cooperation by the members of the American Bar Association and the offices of trust companies." In part Mr. Armstrong added:

> There is a definite place in the Trust Section of the American Bar Association for lawyers who are employed by corporate fiduciaries. The general objectives of your division and of this section of the American Bar Association are similar in that each seeks to help in bringing about a higher degree of technical skill and more meritorious conduct in the management of trust affairs.
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> Participation in the work of the American Bar Association by lawyers who represent trust companies affords them an opportunity of exchanging views with lawyers who are in the general practice in all sections of the country and who have diverse backgrounds and different ideas, with resulting benefits to both. It also permits participation in the formative work of the bar relating to proposed legislation in the trust field and helps in keeping abreast of legislation enacted in the several states and the large number of decisions which are handed down for the various courts.
>
> Lawyers employed by trust companies are largely concerned with the problems of trust administration. Lawyers in the general practice are more usually concerned with the creative work of drafting trust instruments. A fusion of ideas and experiences necessarily is to the advantage of both groups.
>
> Another field in which much good can be accomplished by cooperation is in the work of the National Conference of Commissioners on Uniform State Laws. That is, as you well know, an independent organization affiliated with the American Bar Association. I think it may fairly be said that it functions under the auspices of the American Bar Association. None of its acts is released unless it is first approved by our association. . . .
>
> In conclusion, I give you the paramount reason why the American Bar Association needs you among its members. We are dedicating all our resources and all our efforts toward aiding in the war in which our country is engaged. I need not argue to you as to the necessity of victory. That with our man power and with our industrial resources we can eventually win seems certain. Upon the courage and devotion of our armed forces we can implicity rely. . . . What we must make quite sure of is the morale, or as I prefer to call it, the self-discipline of the people — a self-discipline which will make them willing to endure those uncomfortable sacrifices which will become increasingly necessary—a self-discipline which will teach them to dwell upon defeats only that they may show us the way to success—a self-discipline which will never permit war weariness to lessen our will for victory—a self-discipline which will enable us to achieve that Spartan fortitude which subordinates the well-being of the individual to the safety of the nation.

Pension funds are no longer associated with charity but have come to be regarded as deferred compensation for services rendered, it was stated at the Conference on Feb. 4 by G. Warfield Hobbs, 3rd, Assistant Vice President City Bank Farmers Trust Company of New York City, in an address on "Opportunities in the Field of Employee Pension Trusts." Mr. Hobbs said that "our thinking has changed a bit and many of us have discarded the association with charity and come to regard a pension as a deferred compensation rendered." He stressed this point of the new definition for pensions because "we are here seeking opportunities for the trust business and if you will accept the new definition of deferred compensation you will at once grasp the significance of the almost unlimited opportunities for trust companies to aid and share in the development of this comparatively new field of business. Mr. Hobbs further said:

> Deferred compensation ' implies more than mere justification for paying a modest pension to a few old-timers. Inherent in that definition is a vested right to something of value which for his own good and protection has been withheld from the employee until it may be paid out to him for the security of his old age. Social security is a great forward step, but it is not enough. Its $300 or $400 for the average worker and its top of around $700 single benefit for the higher-ups is only part of the story. Corporations will have to supplement social security with private pension plans and I believe many want to and many will when they take the time really to study the subject and find out how little is the actual cost.

Erwin S. Anderson, Trust Officer of the Merchants National Bank, Bangor, Maine, addressing the conference on Feb. 4 urged trust institutions today to make surveys of their business areas to determine the quantity of new business they can obtain. Mr. Anderson recommended such surveys as particularly important in the light of shifts in the economic structure that are being brought about by the war.

There are three major problems facing trust institutions in seeking new business today, Mr. Anderson continued. These are, he said, the amount of new business available, the amount of money that should be spent in attempting to obtain new business, and the methods to be used in obtaining new business.

The answer to the first of these problems, he declared, "is to be found in a survey of the field for trust services in the area in which the trust institution is located. The survey is a combination of fact-gathering and the common sense of the trust officer.

Among others who addressed the conference were Walter Kennedy, Vice-President and Trust Officer of the First National Bank of Montgomery, Ala. and Sterling L. Wandell, Vice-President of the Wyoming National Bank of Wilkes-Barre, Pa.

Corn Price Advance Is Declared Unjustified

Secretary of Agriculture Claude R. Wickard in a statement on Jan. 27 said that the recent speculative advances in corn prices are unjustified and declared that the Department would use every means at its disposal to maintain reasonable feed prices for live stock, dairy and poultry producers. "In view of record supplies of feed grains now available in this country and a prospective corn carryover of more than 600,000,000 bushels next fall, there is no justification for recent price advances in the corn market," the Secretary declared. He further said:

> Future prices recently have been exceeding cash prices by considerably more than their usual relationships, indicating unusual speculative interest in corn. There is evidence that corn moving out of the Ever-Normal Granary is being used for speculative purposes rather than for feeding and processing.
>
> The Department is prepared to take the necessary steps to assure livestock, dairy, and poultry producers an abundance of feed grains at reasonable prices.
>
> We are today modifying our sales and loan programs so as to make our entire Ever-Normal Granary reserves available to livestock, dairy, and poultry producers and corn processors. We are going to encourage bona fide feeders and processors to carry the largest possible stocks of corn and feed grains in their own storage facilities. This will not only help feeders to stabilize their operations over a longer period of time, but will also help forestall storage and transportation difficulties which may develop when the 1942 wheat crop comes on the market. At the same time we are going to take positive steps to avoid having our Ever-Normal Granary corn supplies end up in the hands of speculative interests. We will also take whatever other steps are necessary to see that elevators which may be needed for storing wheat are not filled with corn held for speculative purposes.
>
> The Commodity Credit Corporation still owns over 95 million bushels of corn which is more than it sold during 1941. If necessary, loans on approximately 170 million bushels of 1938-39-and 40 corn will be plies will be available for im- called so that ample corn sup- mediate nation-wide movement to livestock and poultry producers and processors of livestock feeds. This is exclusive of the corn now going under loan from the 1941 crop which is also subject to call.
>
> The Corporation also holds approximately 500 million bushels of pooled and loan wheat and the recently announced sales program for wheat will be expanded if necessary in order to meet feed requirements. Also, the substitution of wheat for the manufacture of alcohol will probably reduce the amount of corn required for conversion into alcohol from the previously estimated 60 million bushels of corn to less than 25 million bushels.
>
> This program will not be to the detriment of the corn farmer. Corn loans or the cash prices which farmers can now obtain for their crop, plus AAA payments, assure parity for the corn farmer. Programs to assure continuation of these parity returns to the corn farmer. will be maintained.
>
> On the other hand, corn prices pushed higher by speculative interests will jeopardize the entire Food for Freedom campaign, have a retarding effect upon the entire war effort, and eventually be to the long-time disadvantage of the farmer. Corn and livestock prices are now in such relationship as to encourage the conversion of our corn and feed supplies into the livestock and dairy products which are so urgently needed to feed ourselves and the other nations waging war on the Axis. Unwarranted increases in corn prices would either slow down the production of these vital food products or bring about an increase in their prices. A slow-up in the production of meat and dairy products is unthinkable at this time.

Agriculture Dept., OPA Act Against Inflation

In a joint statement issued in connection with the passage of the Price Control Act, Secretary of Agriculture Claude R. Wickard and Price Administrator Leon Henderson said on Feb. 3 that their agencies "intend to spare no effort to prevent inflation" and that the two agencies "are in complete agreement as to objectives to be achieved." Under the Act, the Price Administrator cannot set ceiling prices for farm products without the Secretary's consent. If inflation is to be controlled, the joint statement says, "effective, positive steps must be taken to stabilize the cost of living" and the Agriculture Department and the OPA, it is added, "intend to pool resources to do all they can to accomplish this end." The statement, issued by Secretary Wickard and Administrator Henderson, continues:

> First of all we must have abundant production and the Department of Agriculture intends to see that every possible step is taken to insure abundant supplies for all. This has been and will remain the consumer's best assurance of fair prices. Government-owned stocks of grains and cotton will continue to be used to supplement private stocks. Farm legislation and the farm production goals for 1942 have now placed floors under the farm prices of all major products at levels sufficient to protect farmers in carrying out a great increase in production. Steps will be taken to keep feedstuffs at reasonable levels in order that increased production of meats and livestock products will not be hampered by high feed costs.

The Office of Price Administration will use its powers to see that prices of the things that farmers buy are held down, so that farm production will not be restricted by unnecessarily high production costs.

A high level of production will not in all cases be sufficient. Where prices get out of line the Office of Price Administration with the advice and assistance of the Department will establish maximum prices. In such cases it will see that this protection is afforded all the way through the channels of distribution to the ultimate consumers. In those cases where there is not enough to go around, steps will also be taken to assure that there is fair distribution to all.

The American people should realize that it will be the objective of their government to stabilize the cost of living. They, too, can do their part. There is no occasion for hoarding of food. Total supplies of most staple foods are at record or near record levels. Families who hoarded in the past were simply misguided. Now they are both misguided and unpatriotic, for such buying upsets markets and encourages inflationary price advances.

It should be a point of pride with every good American not to hoard or to waste food. Consumers should buy more of commodities which are plentiful in supply. Thus, they can assist farmers and stimulate the output of larger supplies by directing their purchases to commodities that are relatively abundant. From time to time the Department of Agriculture and the Office of Price Administration will draw the attention of consumers to commodities which are in relative abundance, and to desirable shifts in food habits.

We should like to repeat that the Government intends to mobilize its full resources for all-out agricultural production at prices fair to farmers and consumers. Our aim is to stabilize living costs and prevent war-time inflation or post-war deflation. We invite the assistance of farmers and consumers in seeing that the job is done.

U.S. Will Buy Cuban Sugar

President Fulgencio Batista of Cuba decreed on Jan. 28 rigid control of the Cuban sugar crop in a "plan of close cooperation" designed to provide as much sugar as possible to the United States. The decree authorizes the Cuban Sugar Stabilization Institute (I.C.E.A.) to buy the entire 1942 crop in the form of either sugar, syrup or molasses. Further details were reported in Associated Press Havana advices as follows:

> The Institute will sell to the United States all but 200,000 long tons reserved for Cuban domestic consumption and 65,000 tons for other exports markets.
>
> The remainder of the crop, expected to approach a total of 4,000,000 tons, will be sold to the United States, and 34,000,000 gallons of syrup will be set aside for manufacture of alcohol for the United States.
>
> Crude sugar will be sold at a minimum of 2.65 cents a pound, Cuban dockside, with the United States furnishing the ships to remove it.
>
> Price increases are provided if "the present ceiling price of 3.74 cents, freight and duty paid in New York," is raised.
>
> The order said that since the United States and Cuba both were at war against the Axis, the United States would be afforded all sugar possible "for its consumption or that of other powers allied in defense of the democratic cause."

Cullin, President Of Financial Advertisers Sees Post-War Tests Of Financial Abilities

In Boston on Jan. 29, Victor Cullin, President of the Financial Advertisers' Association, observed that "based on production abilities of the warring nations so competently set forth in a recent St. Louis discussion of the subject by Dr. Harold G. Moulton, economist and director of the Brookings Institution, it seems quite probable that the war will end in the year 1944 with the anti-Axis nations as the victors." "However," said Mr. Cullin, "if this be true, we will then enter a post-war period that will test our financial abilities to an even greater degree. We will have fought an air war and we will have destroyed much of the wealth-producing properties in the beleagured nations." Damaged or destroyed transportation facilities, harbors, ships, factories, and other properties essential to the livelihood of the people. Mr. Cullen went on to say: Such destruction will be far greater than that which was experienced in the last war. Fortunately, it appears our country will be free from such havoc; therefore, it will be our job to replace all of these things in order to permit the conquered people to return to a peacetime economy. During this transition we will be called upon for food, medical care and raw materials. Maybe we can work out a sort of lease-lend plan for certain strategic possessions, or perhaps a loan at a low rate of interest, or perhaps outright gifts. In any event, we will have a post-war period that will call for even greater sacrifices and more determined leadership than we will experience during the war period.

Mr. Cullin, who is also Assistant Secretary of the Mississippi Valley Trust Co. of St. Louis, in his address, which was delivered in Boston before the New England Financial Advertisers, also had the following to say in part:

> I've been trying to get a picture of 1942 in the banking business, where will we gain, and where will we lose. I use the words gain and lose because I know we all know we must show profits if we are to carry on any sort of an effective program. In discussing my various contentions with one of our executive officers we more or less agreed on the following trends:
>
> (1) We seem to think that while short-term war goods production loans and long-term defense construction loans will increase, it will not be sufficient to offset the loss in consumer goods financing we know will suffer.
>
> (2) There will be an increase in personal loans for the purpose of meeting income tax payments, and the necessities of life, but it's doubtful if this will offset the loss in new automobile and installment paper financing we are now experiencing.
>
> (3) There is a possibility we will in our city have an increase in defense housing loans that may offset our present drop-off in non-defense constructions loans.
>
> (4) There is an indication of corporate loans and collateral loans, as well, for tax purposes.
>
> (5) In St. Louis we expect an increasing number of new customers due to the newcomers that are arriving daily, and we feel that this will probably exceed the anticipated drop in savings accounts, and checking accounts of those customers who are forced out of business during the emergency.
>
> (6) Due to higher wages we feel that checking accounts will be opened by many who have heretofore depended on cash.
>
> (7) The tax on safe deposit boxes points to a loss of customers in this department.
>
> (8) The only hope for foreign exchange is the possible stimulation of trade and travel in the Western Hemisphere.
>
> (9) The trust department should obtain many new accounts from those who enter the Service. Agency accounts, custodianships and trusts are presently in demand by the medical men who are leaving, and as the Army increases further prospects will develop from older men.
>
> (10) We will, of course, experience much greater activity in the sale of Defense Savings Bonds and Stamps, but this service we gladly render without profit.

Now, after this brief resume of our outlook for the present year, it doesn't take a microscope to see that all of us will have difficulty in keeping our earnings up to that of last year. It means much hard work, long hours and initiative. There is one spot on the horizon that is in line with the majority opinion of this association. We have thought for many years that banking services should be directed toward the masses of people rather than a selected few. Due to the conditions I have outlined aren't we in an excellent position to use our public relations and new business experiences not only to augment our earnings, but to serve a nation at war to the best of our ability?

Illinois Bankers Hold Meeting In Chicago

One thousand bankers from Illinois attended the 47th annual mid-winter conference and dinner of the Illinois Bankers Association at the Palmer House in Chicago last month. The afternoon session was presided over by Henry G. Bengel, Vice-President and Trust Officer of the Illinois National Bank, Springfield. An innovation was inaugurated at this session—radio interviews—which was conducted in the manner of "The Man on the Street." The program was not broadcast and was conducted by John H. Crocker, Citizens National Bank, Decatur; B. J. Maiworm, Continental Illinois National Bank & Trust of Chicago; Laurence A. Kempf, The Northern Trust Co., Chicago; and Thomas F. Ford, American National Bank & Trust Co., Chicago, as interviewers. The interviews covered timely subjects that demand serious consideration by the bankers at this time.

The country bankers of Illinois were admonished by A. G. Brown, Manager of the Agricultural Credit Department of the American Bankers Association to "Get the Facts" about the agricultural situation so as to be able to cooperate intelligently with an "all out" program of "Food for Freedom."

U. S. Legation Leaves Denmark; On Way Home

The American Legation has left Denmark and is on its way to the United States, according to a dispatch from Copenhagen received at Berne, Switzerland, and telephoned to the New York "Times" on Jan. 24. The New York "Times" of Jan. 25 gave the communique from the Foreign Ministry announcing the departure as follows:

> Because of the change which has occurred in the political situation following the entry of the United States into the war, the personnel of the United States Legation in Copenhagen left Denmark today in order to return to the United States in company with members of the Embassy in Berlin.

Farm Product Prices Avge. 102% Of Parity

Farmers were receiving higher prices for agricultural commodities on Jan. 15, but they also were paying more for their own purchases, the Department of Agriculture reported on Jan. 29.

A 6-point rise in the index of prices received by farmers and a 3-point increase in the index of prices paid, says the Department, brought the average of farm product prices to 102% of parity. Even with a record production of some commodities, increased demand for farm products raised the mid-January index of prices received to 149% of the 1909-14 base period. This was 45 points higher than a year ago and the highest point reached since October, 1929. The Department's announcement added:

> Prices paid by farmers climbed to 146% of the 1909-14 level. This was 23 points above a year earlier and the highest point reached since August 1930.
>
> The rise in incomes of industrial workers, resulting in an increased demand for food, has been an important factor in the rise of farm product prices. The index of industrial workers' incomes in December was 185% of the 1935-39 average or 50 points higher than a year earlier.

During the month grains advanced 7 points, meat animals 6, cotton and cottonseed 5, and fruits 4. Dairy products as a group showed no change from mid-December, and poultry products dropped 6 points.

Prices of leading farm products on Jan. 15, when expressed as a percentage of parity with prices paid, interest, and taxes, were: Corn 78%, cotton 94, butterfat 100, eggs 105, hogs 100, and beef cattle 128. The average of all farm product prices was 102% of parity. In September 1941, when this ratio was 101, the average of prices received exceeded the average of prices paid (interest and taxes included) for the first time in 21 years.

The 7-point gain placed the grain price index at the highest level since August 1937. This index stood at 119% of the base period average, compared with 84% a year ago. Prices received by farmers for both corn and small grains showed material increases during the month. Rough rice prices also continued to rise and prices received for soybeans advanced as the Office of Price Administration revised its original schedule of ceilings on fats and oils upward.

The rise of 6 points in the meat animal index represented a recovery to the price level reached in September 1941. The meat animal index in mid-January was 166% of the 1910-14 average, compared with 128% a year ago. Beef cattle prices, at $9.77 a hundred pounds, were at the highest mark in 13 years; hog prices of $10.55 per hundred were 55 cents below the peak reached in September 1941; and lamb prices advanced to $10.30 per hundredweight, a 12-year peak. Wool prices showed little change during the month.

The mid-January index of local market cotton lint and cottonseed prices was up 4% for the month and 79% over a year earlier. Lint prices were up but cottonseed prices declined. With domestic mills operating at high levels, the smallest domestic carryover of cotton lint since 1937 is in prospect.

The upward trend in prices received by growers of commercial truck crops continued during the first half of January. Celery prices were 60% higher than the first half of December; lettuce was up 16%; cabbage 8, and carrots 5. Spinach was down 8%. Prices of all five crops were considerably higher than a year earlier.

Potato prices reached the highest level since May 1937 as a result of sharp advances. Sweetpotatoes made slightly more than seasonal gains between mid-December and mid-January, and farmers received about the same prices for dry edible beans. Peanut prices were up to 5.11 cents a pound compared with 4.79 cents in mid-December and 3.28 cents on Jan. 15, 1941.

The dairy products index was steady for the third straight month at 148% of the 1910-14 average. This is 27 points higher than on Jan. 15, 1941 and the highest since December 1929. Slight advances in butterfat prices were sufficient to offset small declines in wholesale prices of milk.

Declines in the average price received for wholesale milk in mid-January were general except for slight advances in the Mountain and South Central States. Butterfat prices were up fractionally for the Nation as a whole, and prices of butter churned and sold from the farms was unchanged.

The chicken and egg price index showed a decline of 6 points but was still 47 points above a year earlier. The decline was less than seasonal and left the index at the highest point for January since 1930. Egg prices declined but chicken prices increased.

"War Time" In Effect

The new daylight saving time which became effective in the early morning hours (2 a.m.) of Monday, Feb. 9, has been designated by President Roosevelt as "War Time." The White House announced on Feb. 2 that the President had offered the terminology in response to requests made by railroads, Government agencies, industries and others. In accordance with the Act of Congress, approved by the President on Jan. 20 with a view to conserving electrical energy for the defense effort, the standard time of each zone in the United States was advanced one hour on Feb. 9. "War Time" will remain in effect six months after the present war ends, unless Congress nullifies it before then.

Congressional action and Presidential approval of the legislation establishing the new time was reported in these columns Jan. 29, page 485.

The text of the law follows:

(S. 2160)

AN ACT

To promote the national security and defense by establishing daylight saving time.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That beginning at 2 o'clock antemeridian of the twentieth day after the date of enactment of this Act, the standard time of each zone established pursuant to the Act entitled "An Act to save daylight and to provide standard time for the United States," approved March 19, 1918, as amended, shall be advanced one hour.

Sec. 2. This Act shall cease to be in effect six months after the termination of the present war or at such earlier date as the Congress shall by concurrent resolution designate, and at 2 o'clock antemeridian of the last Sunday in the calendar month following the calendar month during which this Act ceases to be in effect the standard time of each zone shall be returned to the mean astronomical time of the degree of longitude governing the standard time for such zone as provided in such Act of March 19, 1918, as amended.

Approved, Jan. 20, 1942.

Farmers Receive Higher Prices For Products

The Bureau of Agricultural Economics, U. S. Department of Agriculture, announced Jan. 28 that prices paid to farmers for a representative group of food products rose nearly 4% from mid-November to mid-December, while the rise in cost of the same domestic foods to consumers was negligible and marketing charges declined. The farmers' share of the consumers' food dollar, says the Department, increased from 50 cents in November to 52 cents in December. During 1941 non-farm family income increased more than food prices. Measured in terms of consumer income, the same foods now require a smaller share of income than formerly—actually the smallest share in 29 years of record. A further advance of about 2% in retail prices of domestic foods occurred in late December and early January, according to preliminary information. Trends in wholesale markets indicate that prices paid to farmers made substantial gains during the same period, says the Bureau's announcement which further states:

> Food prices in December, 1941, averaged 15% higher than in December, 1940; non-agricultural consumer income in December, 1941, averaged 17% higher than in December, 1940. But the rise in food prices varied greatly as among different foods, as did the rise in consumer income among various non-agricultural occupations.
>
> Increases in food prices ranged in 1941 from advances of less than 1% in the case of breakfast cereals to 20% for white flour, 23% for eggs, 32% for pork products, and 42% for Irish potatoes. Greatest gains in non-agricultural income have gone to industrial and munitions workers, relatively small gains to other groups of the non-agricultural population, and practically no gains to a large body of salaried workers.
>
> Analyses by the Bureau of Agricultural Economics show that during the past year practically all of the rise in retail prices of food was passed back to the farmers, that the marketing margin between farm and retail prices increased slightly during the first half of the year but then declined, and ended 1941 slightly lower than a year earlier.

Curb Imposes Fine

The New York Curb Exchange, in pursuance of its policy of giving full publicity to disciplinary action in material matters, announces that the Committee on Member Firms has imposed a fine of $250 upon the firm of Herbert E. Stern & Co., New York City, for failure to follow instructions of the Committee to keep true and complete books of account and records adequately setting forth its transactions.

The Committee did not find any evidence of improprieties in connection with credit balances or securities of customers.

SEC Orders Hearing

The Securities and Exchange Commission has ordered Harry William Weller, Chicago security broker, to show cause at a hearing on Feb. 18, at the Commission's Chicago regional office, why he should not be expelled from membership in the National Association of Securities Dealers, Inc., and have his broker-dealer registration revoked.

The Commission charged that Weller had no capital employed in his business; that he owed substantial sums to customers and banks; that he had hypothecated securities carried for customers' accounts, and had failed to keep proper records of his business.

Canadian National Income In 1941 Largest In History Says Nova Scotia Bank President

The national income produced and available in Canada during 1941 was about $6,200,000,000, according to a preliminary estimate, and is by far the largest in the history of Canada, J. A. McLeod, President of the Bank of Nova Scotia, told shareholders at the annual meeting at Halifax on Feb. 4.

"The estimate for the last year is almost $1,000,000,000 greater than the figure for 1940 and is over $2,000,000,000 greater than in 1938—the last full year of peace," Mr. McLeod said, adding that, "it must be recognized that part of the $1,000,000,000 increase last year reflects the upward movement of prices, which gained momentum in the spring and summer; but even when allowance is made for this factor it is clear that the greater part of the increase reflects enlarged production and effort by the people of Canada."

With regard to inflation, Mr. McLeod said:

> Because of the growing scarcity of labor and material supplies, the year just past brought to the fore the threat of inflation. For inflation is a symptom of scarcity: it arises because people try to buy more goods and services than are currently available and it inevitably results in higher prices and increasing costs of living. In 1941, the rate of spending for civilian purposes continued to rise and, while civilian production expanded in response to the greater demand, it was increasingly handicapped by material and labor shortages. Furthermore, prices began to rise quite rapidly in the United States and this naturally fostered the upward movement in Canada.
>
> The policy of establishing the price and wage ceilings was a bold and courageous one and its objective should commend itself to Canadians in all walks of life. Important as the price and wage policy is, it does not and cannot solve all our economic problems.
>
> It is perfectly clear that the Government's rigorous tax policy is contributing toward a restriction in individual spending. But heavy as taxation is, it alone is not capable of bringing about the necessary restriction in spending. We must continue to rely greatly on voluntary means of curtailing spending, that is to say on diverting income through the sale of both Victory Loans and War Savings Certificates.

Referring to his remarks of a year ago, Mr. McLeod said that the condition of "full employment," defined as a state of affairs where there is work for all of the capable and adaptable unemployed, has now been reached for all practical purposes.

"In Canada," according to Mr. McLeod, "the wholesale price index, which had risen by 107 points during the war, rose by a further 50 points from November, 1918 to May, 1920; and the cost of living index, the wartime increase of which had been 57 points, advanced by an additional 38 points in the same post-war period. There is no good reason to believe that the situation will be fundamentally different at the close of this war."

As to post-war readjustment, Mr. McLeod said:

> Our economy will be geared to war and a huge readjustment will be necessary. There will be a large pent-up demand for civilian goods and services which will not be capable of fulfilment until the machinery of peace-time industry has had time to resume production. If all the controls were to be suddenly removed we might well face a chaotic situation.
>
> In saying this I do not wish to create the impression that the controls developed in war-time should be, or are likely to be, continued indefinitely. It is highly desirable that they be removed as rapidly as is possible without adding to our economic problems. I do suggest, however, that the problem of post-war readjustment cannot be met by the old slogan of "business as usual." Business will be anything but "usual" and Government policy will of necessity play a major role in the process of readjustment from a war to a peace-time economy.

The annual statement for the bank as of Dec. 31, 1941, was referred to in our issue of Feb. 5, page 581.

1941 Farm Income At Highest Since 1920

Cash income from farm marketings and Government payments in December amounted to $1,230,000,000 compared with $1,301,000,000 in November (revised estimate) and $842,000,000 in December last year, the Bureau of Agricultural Economics, U. S. Department of Agriculture, reports. Government payments in December totaled $83,000,000 compared with $68,000,000 in November and $70,000,000 in December 1940. Sales of several major farm products were larger than usual in December and prices averaged 6% higher than in November. As a result, the Bureau explained, income from farm marketings declined much less than usual from November to December. Income from wheat, corn, rice, cotton, tobacco, cattle, hogs, and eggs was much higher than usual in December, and income from many other farm products was up after seasonal adjustment, so that the seasonally adjusted index of income from farm marketings increased from 112.5% of the 1924-29 average in November to 134.0% in December. The Bureau further said:

> Because of the unusually high level of marketings in December, cash income from farm marketings for the 12 months of 1941 exceeded earlier expectations and amounted to $11,121,000,000. This is nearly 34% higher than income received from farm marketings in 1940 and with the exception of 1929 is the highest for any calendar year since 1920. Income from crops of $4,735,000,000 is still somewhat below the average income from crops during the years 1924-29, but the returns from livestock and livestock products of $6,386,000,000 are the highest for any year since 1919. Government payments during 1941 totaled $585,000,000 compared with $736,000,000 in 1940. Income including Government payments totaled $11,706,000,000, more than in any previous year since 1920.
>
> Favorable weather for agricultural production, together with rising prices, resulted in the largest volume of agricultural marketings in December for any December on record. Quantities of wheat, cotton, and corn placed under loan were large, and marketings of these crops during December were larger than usual. Sales of tobacco and rice also were sharply higher than usual, and prices were nearly twice as high as in December 1940. Because of the large income from these crops, and the relatively large returns from soybeans, peanuts, citrus fruits, and apples, the seasonally adjusted index of income from crops advanced from 101.5% of the 1924-29 average in November to 124.5% in December. Marketings of meat animals also were unusually large in December as the continued heavy movement of feeder cattle from the Range States was accompanied by relatively heavy slaughter, and the increase in marketings of hogs was also much greater than usual from November to December. As a result of these heavy marketings and rising prices, the seasonally adjusted index of income from meat animals increased from 122.5 to 154.0. The index for poultry and eggs increased from 106.5 to 132.0 as a record output of eggs was accompanied by a smaller than usual decline in egg prices.

CIO Board Urges Higher Wage Demands

At a meeting on Jan. 26 at the Hotel Roosevelt in New York City, the executive board of the Congress of Industrial Organizations called on all of its affiliated unions to demand substantial wage increases whenever new agreements are negotiated with employers. The board also took action on other issues, such as taxes, union security and rationing of materials and foodstuffs.

The New York "Herald Tribune" of Jan. 27 had the following to say in part regarding the board meeting:

> The demand, if complied with by the unions, will constitute the largest single wage demand advanced in any short period in American economic history. Among the employers who will be asked to grant increases commensurate with rising living costs is the United States Government, as well as the governments of cities, States and communities. The CIO can ask increases for 5,000,000 members.
>
> Philip Murray, President of the CIO, in making public these actions at the conclusion of the executive board meeting, said that private employers could grant these demands without stimulating an inflationary spiral because profits have risen "outrageously" since the United States began to prepare for war.
>
> The CIO has not determined the exact method by which it will seek to improve the wage standards of employees of Federal, State or municipal governments, but will sponsor as the first step, a demand that every governmental agency create a board to deal with its employees. The plan, as Mr. Murray envisions it, would require negotiation, conciliation and even arbitration between labor and Government bodies.
>
> The executive board called for the adoption of a tax program that would stop war profiteering and at the same time would protect the living standards of American people. According to the CIO the money should come from the following sources:
>
> Increased normal taxes and excess profits taxes or corporations; increased taxes on the present individual income tax base; closing of loopholes in the individual income tax and the corporation taxes; increased rates and lower exemptions on estate and gift taxes; excise taxes on certain luxury goods.
>
> The CIO expressed unconditional opposition to any general sales tax or flat wage tax, holding that such measures would constitute vicious discrimination against the working people.
>
> In a resolution on rationing, the CIO noted that many types of foodstuffs and other goods would have to be limited and called for the establishment of rationing machinery on a permanent basis for the duration of the war. The resolution called for the establishment of a general rationing policy and for labor representation on all rationing boards.
>
> The board reiterated the CIO's offer to cooperate with the Government, and particularly with Donald M. Nelson, head of the War Production Board, and volunteered its full resources in manpower and brains to achieve maximum production. Another resolution made clear that it felt the issue of the closed shop must now be decided on its merits in each individual case since the Government has accepted it in principle.

Newark H. A. Resigns

The entire Newark (N. J.) Housing Authority resigned as of Jan. 22, thus ending the differences with the United States Housing Authority over that city's housing program. The action came after a conference in Washington between the Newark members and Leon Keyserling, Acting Administrator of the USHA. In a statement issued after the conference, the Authority said:

> The repeated public discussions and disputes in connection with the Newark housing program have not facilitated that cooperation between the United States Housing Authority and the Newark Housing Authority essential to the most effective and economical operations of the low-rent housing program in Newark.
>
> For these reasons, it is the consensus of opinion that an opportunity to constitute an entirely new board will speed and help the program in Newark.
>
> In these times of intense national need, all are in agreement that absolute harmony and cooperation, and freedom from all difficulties, however caused, will make a contribution to the national defense.
>
> The United States Housing Authority in no way intends this as a personal reproach to any member of the Newark Authority. On the contrary, it feels that each and every member of the Newark Housing Authority taking this step is making a concrete and definite contribution to the success of the low-rent public-housing program.

The members of the authority were Frank G. Maguire, Chairman; Harold A. Lett Vice-Chairman; Charles P. Gillen, John F. Lee and Dr. Carl Baccaro.

Gen. Hershey Sees All Needed For Defense

At some time not far distant, perhaps six months, perhaps a year, or two years, every American must face the possibility of being in the armed services of the United States, or in some essential defense industry, "or be able to give very good reasons to the contrary," Brig. Gen. Lewis B. Hershey, National Director of Selective Service, said on Jan. 28 in an address before the Advertising Club of New York. The recent increase in selective service age limits, bringing men through 44 into the eligible group for combat service, and the eventual registration of men up to 65 for national defense service at home, General Hershey said, had brought the men of America face to face with the fact that a war is being waged.

Not only that, he added, but there was a possibility that women might have to be registered next, and "perhaps ultimately children may have to help," all as a part of what he visualized as a vast "budgeting" of the man power of the nation.

In further reporting his remarks, the New York "Herald Tribune" account of Jan. 29 went on to say:

"But we must beware of complacency," he warned, "and we must beware likewise of hysteria. We have something less than 60,000,000 to do the whole job on the defense effort. I am afraid we have a little bit, too, of the psychology of plenty, and if that leads to complacency, we must be shocked out of it. We must realize that we are not now doing many of the things that we shall have to do in the years to come.

"But we must not do now what must be undone later in the distribution of man power. It is more difficult to bring a man back from where he has been put than not to have put him there in the first place. We must not have to go to the armed forces to bring back certain men essential to industry as England had to do after Dunkerque.

"We know that we have just so much cream on our milk, and if there is likely to be a shortage of man power we must leaven it by not having in one place all of the cream. We We know that now we have 17,000,000 as the result of previous registrations, and we will have approximately 9,000,000 more after Feb. 16 (the date of the registration of men of 20 and from 36 to 45.

"There will be a later registration of those of 18 and 19, and from 45 to 65. When we have all of that, we may have to form a service record of all men, and perhaps women, before we can use it all.

"Perhaps the next step would be a budgeting of man power. We must figure on the numbers needed for immediate defense purposes. We must make our people understand the lag between our present conception of what man must do in war and what the requirements of modern war are. Perhaps ultimately children may have to help. Estimates differ, but they run from 10 to 25 on the number of persons required to keep one man in the armed forces supplied and equipped.

"There will be no place for the slacker. There will be no place for any one to be where he does less than he could do somewhere else."

Henderson Continues As RFC Chairman

Charles B. Henderson was reelected Chairman of the Board of Directors of the Reconstruction Finance Corporation on Jan. 28. Mr. Henderson, who is from Nevada, was reappointed a member of the RFC for a two-year term on Jan. 14 by President Roosevelt and the Senate confirmed the renomination on Jan. 22. Similar action was taken by the President and the Senate on the same days with respect to the four other members of the RFC board. They are: Sam Husbands, of South Carolina; Howard J. Klossner, of Minnesota; Henry A. Mulligan, of New York, and Charles T. Fisher, Jr., of Michigan. These members were also sworn in again on Jan. 28.

Coffee Supplies Are Adequate To Meet Demand

Over 17,000,000 pounds of coffee recently arrived in New York from Brazil and a further 121,000,000 pounds are on the way, or more than one pound for every man, woman and child in the United States, the statistician of the New York Coffee and Sugar Exchange announced on Jan. 28 in answer to inquiries regarding coffee supplies. Not only that but stocks here are in excess of 500,000,000 pounds and further supplies are nearing shore from the West Indies, and Central and South American coffee-producing countries, other than Brazil, it was stated.

Auction Sales

Transacted by R. L. Day & Co., Boston on Wednesday, Jan. 27.

Shares	STOCKS	$ per Share
20	Nashua Trust Co., Nashua, N. H. (par $100)	137
1	Boston Athenaeum (par $300)	190
550	Hermes Mining Corp. (par 10 cents); 5 Jasmine Petroleum Co. (par $50); 40 Magnolia Park Investment Co. (par $25); 100 Middleton Mines, Inc. (par $1); 15 Pacific Development Corp.; 1 Manchester Country Club, N. H. (par $100); 525 General Electronics Corp. (par $1); 11 Chicago & Northwestern Ry. Co., common (par $100)	$2½ lot
5	Eastern Massachusetts St. Ry. Co., preferred B (par $100); 37 Terminal Storage Co., 6% preferred (par $100)	$88 lot
1	Butlers Point Associates, trustees certificate of beneficial interest; 1 Butlers Point Associates, trustees certificate of beneficial int., com.	$6 lot

Transacted by R. L. Day & Co., Boston on Wednesday, Feb. 4.

Shares	STOCKS	$ per Share
3	Somerville Trust Co., Somerville (par $100)	60
20	Keyes Fibre Co., common	⅝
20	Keyes Fibre Co., class A	3⅜
50	F. H. Smith Co., 7½% preferred (par $100)	35c
7	Columbia Oil & Gasoline Corp., common (par $1)	1½
25	Yuba Consolidated Gold Fields, Inc. (par $1)	4
1	Boston Athenaeum (par $300)	185

BOND

$20,046.96	Credit Union of Hungarian Mutual Credit Association and Futura Cooperative Societies Trading Co., Ltd.	$20 lot

Transacted by Barnes & Lofland, Philadelphia on Wednesday, Feb. 4.

Shares	STOCKS	$ per Share
16	City National Bank, Phila., common (par $50)	10⅛
23	Andrews Construction Co., class B common (no par)	$30 lot
20	Andrews Construction Co., class A non-voting common (no par)	$27 lot
100	Ninth Bank & Trust Co. (par $10)	2¾
100	Germantown Trust Co. (par $10)	5
5	Northern Trust Co. (par $100)	415
15	Swarthmore National Bank & Trust Co., Pa., par $100)	175
3	Gillinder Property, Inc. (no par)	$10 lot

Weekly Statistics Of Paperboard Industry

We give herewith latest figures received by us from the National Paperboard Association, Chicago, Ill., in relation to activity in the paperboard industry.

The members of this Association represent 83% of the total industry, and its program includes a statement each week from each member of the orders and production, and also a figure which indicates the activity of the mill based on the time operated. These figures are advanced to equal 100%, so that they represent the total industry.

STATISTICAL REPORTS—ORDERS, PRODUCTION, MILL ACTIVITY

Period	Orders Received Tons	Production Tons	Unfilled Orders Remaining Tons	Percent of Activity	
				Current	Cumulative
1941—Month of—					
January	673,446	629,863	202,417	75	--
February	608.521	548.579	261.650	81	--
March	652,128	571,050	337,022	82	--
April	857,732	726,460	447,525	83	--
May	656,437	602,323	488,993	84	--
June	634,684	608,995	509,231	88	--
July	509,231	807,440	737,420	86	--
August	659,722	649,031	576,529	94	--
September	642,879	630,524	578,402	94	--
October	839,272	831,991	568,264	99	--
November	640.188	649,021	554.417	98	--
December	743,637	760,775	530,459	93	--
1942—Month of—					
January	673,122	668,230	528,698	102	--
1941—Week Ended—					
Aug. 2	159,844	159.272	572.635	93	83
Aug. 9	174,815	159,894	587,498	91	83
Aug. 16	169,472	162,889	592,840	92	83
Aug. 23	158,403	162,964	584,484	94	83
Aug. 30	157,032	163,284	576,529	97	84
Sept. 6	147,086	133,031	591,414	80	84
Sept. 13	164,057	166,781	589,770	98	84
Sept. 20	176,263	166.797	583.716	99	84
Sept. 27	155,473	163,915	578,402	98	85
Oct. 4	176.619	168.256	582,287	100	85
Oct. 11	159.337	164,374	575,627	99	85
Oct. 18	167.440	165.795	574.991	98	86
Oct. 25	165,279	168,146	568,161	100	86
Nov. 1	170.597	165.420	568.264	99	86
Nov. 8	169.585	159.860	576.923	97	86
Nov. 15	156.394	165.397	570,430	99	87
Nov. 22	145.098	160.889	550.383	96	87
Nov. 29	169.111	164.875	554,417	101	87
Dec. 6	181,185	166.080	567,373	102	87
Dec. 13	149 021	163.226	553.389	101	88
Dec. 20	149.874	166.948	535.556	101	88
Dec. 27	116,138	124,258	523,119	76	88
1942—Week Ended—					
Jan. 3	147.419	140.263	530.459	86	88
Jan. 10	162.493	166.095	527,514	101	--
Jan. 17	167,846	165.360	525.088	102	102
Jan. 24	161,713	169 735	514 622	101	102
Jan. 31	181,070	167,040	528,698	101	102

Note—Unfilled orders of the prior week plus orders received, less production, do not necessarily equal the unfilled orders at the close. Compensation for delinquent reports, orders made for or filled from stock, and other items made necessary adjustments of unfilled orders

War Affecting Trust Business In Many Ways Says Stockton At ABA Annual Trust Conference

The war is affecting the trust business in at least eight different ways, it was asserted on Feb. 3 by Richard G. Stockton, President of the Trust Division of the American Bankers Association, in an address delivered before the 23rd annual Mid-Winter Trust Conference of the Association in New York. Mr. Stockton is Vice-President and Senior Trust Officer of the Wachovia Bank & Trust Co. of Winston-Salem, N. C.

Repercussions of the war upon the trust business, he said, are the loss of trained personnel, priorities on office equipment, air raid and war risk insurance, problems arising in the administration of alien property, the handling of defense bond purchases, investment problems, war taxation, and the effect of the war on private enterprise and property rights. Mr. Stockton also said:

We are all aware that the war and the social upheaval which preceded it have a profound effect on the trust business. The burdens of administrative changes in trust procedures have been heavy and vexing. But our deepest concern has been over the ultimate fate of the values of which we are custodians. None of us who has reflected on the events of the last 20 years has been able to escape the question of whether or not the institution of private property could survive.

Despite these forebodings, this is not the time to give way to pessimism. A people nurtured in a century and a half of political and economic liberty are certain to tire of the inefficiencies and restrictions which bureaucracy imposes. In the long run, astute private enterprise can surpass any form of governmental management. And the final judgment made by the public will vindicate this truth. It is evident that survival is based on ability to adapt, but it is important to remember that adaptation is not a synonym for surrender.

Turning to the immediate effects of the war on the trust business, Mr. Stockton asserted:

The immediate effect on the trust business has not been as great as with some other lines of business, such as the automobile industry, rubber industry or metal industry. But let us not delude ourselves into believing that we are immune from the impact of war. May I remind you of a few of our problems that have been created or accentuated by war conditions: Many of our institutions have already been affected by loss of personnel to the armed forces or to war industries. This problem will become greater as our military and industrial efforts increase.

Priorities are already affecting office equipment necessary to the conduct of our business, and they will not become less burdensome. Air raid and war risk property insurance became an immediate problem, especially to those of us with trusteed real property or investments on the two seaboards.

During the last war the trust institutions of the country were able to render valuable assistance to the Government in the administration of alien property. All money reported as belonging to enemy aliens was required to be deposited in the U. S. Treasury. The banks and trust companies of America are prepared to render a similar service during this present war.

As trust men, one of the most difficult problems facing us during this war period and the post-war period as well, is the matter of investments. The outstanding means of assuring protection and greatest efficiency of capital during these times, in my humble opinion, is strict adherence to sound fundamental principles of investment.

Commenting on "the fiscal policy of the Government and its corollary, taxes," which he said, "in importance it is exceeded only by a will to win the war and our willingness to pay any necessary price for victory," Mr. Stockton stated:

A short time ago the President of the United States in his message to Congress recommended a budget for the coming fiscal year exceeding $59,000,000,000. It is difficult for most of us to comprehend these astronomical figures of the Federal budget. We realize, of course, that a victorious program in a modern war costs money—and lots of it. But if we win this war by unsound fiscal policy, we shall indeed have won a very hollow and disastrous victory.

As citizens we are ready and willing to make any necessary sacrifice. As trustees we know that thousands of beneficiaries of trust funds—women, children and aged people all dependent upon income—are willing to pay higher taxes. They will gladly reduce their peace-time standard of living to help pay for this war. At the same time, however, they have a right to expect Government — local, State and Federal—to dispense with its peace-time luxuries. As yet there has been little effective effort to curtail non-essential spending by the Government.

As citizens, and especially as trust men, I think we have two definite obligations:

First, to demand of our Government representatives that all non-essential expenditures be abolished for the duration.

Second, to furnish leadership in our communities in building up local sentiment which will change the old widespread and oft-expressed feeling that "If our community doesn't get the Federal appropriation, some other community will" to one that might be briefly expressed, "If our community doesn't get the Federal appropriation, the fight for victory will."

While we are prone to put on Congress all the responsibility for Federal expenditures, when we are entirely frank with ourselves, we must admit that high pressure and politically strong groups in practically every community in our country should take their full share of the responsibility. Shall we not now exert every influence to turn this pressure towards the elimination of non-defense expenditures? Efforts in this direction in every section of our country, I am confident, would be most welcome to our Senators and Congressmen. Positive and determined action on the part of each one of us is now necessary.

We have many able, sincere men in Congress who have dedicated themselves to this objective of eliminating non-essential spending. The machinery has been set up in what is known as the "Byrd Committee." Our task as citizens is to help them in this effort.

FDR Given Power To Control Wires & Cables

President Roosevelt signed on Jan. 26 the legislation giving him broad war-time powers over the Nation's telephone, telegraph and cable facilities. The measure is similar to the law passed for the same purposes during the World War in July, 1918, and lodges with the President the same power over wire and cable facilities which he has over radio. The House passed the bill on Dec. 19 and Senate approval came on Jan. 19.

The measure specifically provides that if he deems it necessary in the interest of national defense and security, the President may, during a state or threat of war and for not more than six months after the termination of the war or threat of war:

> (1) Suspend or amend the rules and regulations applicable to any or all facilities or stations for wire communication within the jurisdiction of the United States as prescribed by the Commission; (2) cause the closing of any facility or station for wire communication and the removal therefrom of its apparatus and equipment; or (3) authorize the use or control of any such facility or station and its apparatus and equipment by any department of the Government under such regulation as he may prescribe, upon just compensation to the owners.

The Senate before adopting the bill on Jan. 19 rejected an amendment by Sen. Robert A. Taft (Rep., Ohio), to limit seizure powers to communication properties valued at less than $10,000,000 except in times of invasion. In reporting this United Press accounts from Washington Jan. 19 said:

> Senator Taft declared that Congress "might just as well adjourn and go home" if it grants arbitrary powers before they are needed. He said he "doubted" if any requisitioned facilities ever would be returned to private owners.
>
> The fight for passage was led by Chairman Burton K. Wheeler (Dem., Mont.) of the Interstate Commerce Committee.
>
> He said he had been assured by Chairman James L. Fly of the Federal Communications Commission that Government seizure of communications was not contemplated "at present." But, he added, such action may be necessary in areas where the facilities are endangered.
>
> Regardless, "however much we hate war," he said, grants of broad executive power are necessary for its successful prosecution.
>
> He declared that Senator Taft's amendment would prevent the Government from taking over the Pacific Cable Co. The company's cable has been "cut in shreds off Honolulu," he said, and there "may be" Government intent to seize the properties.

NY Chamber Urges Renewed Effort To Get More Federal Bureaus

Governor Lehman, Mayor La Guardia and New York City's representatives in Congress were urged by the Executive Committee of the Chamber of Commerce of the State of New York on Jan. 27 to make a "renewed effort" to induce Federal bureaus which are being crowded out of Washington by the war to move their offices to New York.

Resolutions adopted by the committee said that

> "New York City as the nation's largest and most important center of commerce, shipping, transportation, finance and industrial representation generally, has millions of square feet of desirable office space available for rental and offers unequalled facilities and advantages as a location for such Government bureaus and agencies, and has available unexcelled residential facilities in the different rental brackets."

H. Boardman Spalding, Chairman of the Committee, in presenting the resolutions pointed out that the Chamber, in cooperation with the Mayor and his Business Advisory Committee, for several months had been trying to secure greater recognition of the advantages of New York at the national capital, and that other organizations had been working to the same end.

The resolutions, in effect, said the results of these efforts were disappointing "in relation to the many advantages which New York City has to offer to these Washington agencies and their employees."

Gen. Hershey To Speak At New York Luncheon

Brig. Gen. Lewis B. Hershey, National Director of the Selective Service System, will speak here before a Members' Council Luncheon of the Commerce and Industry Association of New York on Feb. 5 at the Astor Hotel, it was announced on Jan. 20. His subject will be "Selective Service in Wartime As It Affects Commerce and Industry," and will include a discussion of the methods and policies of his office incident to a total registration of 24,000,000 men in this country. His address will be followed by a question and answer period in which the Selective Service Director will answer specific questions previously submitted to him by members of the Association. Presiding at the luncheon will be Arthur A. Ballantine, Chairman of the Association's Members' Council. Tickets to the meeting, which will be open to the public, may be purchased at the Association's office at 233 Broadway.

NYSE Odd-Lot Trading

The Securities and Exchange Commission made public on Feb. 6 a summary for the week ended Jan. 31, 1942, of complete figures showing the volume of stock transactions for the odd-lot account of all odd-lot dealers and specialists who handle odd lots on the New York Stock Exchange, continuing a series of current figures being published by the Commission. The figures, which are based upon reports filed with the Commission by the odd-lot dealers and specialists, are given below:

STOCK TRANSACTIONS FOR THE ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON THE NEW YORK STOCK EXCHANGE

Week Ended Jan. 31—	Total for week
Odd-lot Sales by Dealers:	
(Customers' Purchases)	
Number of orders	13,145
Number of shares	348,598
Dollar value	12,773,000
Odd-lot Purchases by Dealers—	
(Customers' Sales)	
Number of Orders:	
Customers' short sales	279
Customers' other sales[a]	12,314
Customers' total sales	12,593
Number of Shares:	
Customers' short sales	8,205
Customers' other sales[a]	309,047
Customers' total sales	317,252
Dollar value	10,234,698
Round-lot Sales by Dealers—	
Number of Shares:	
Short sales	10
Other sales[b]	74,700
Total sales	74,710
Round-lot Purchases by Dealers—	
Number of Shares	102,020

[a] Sales marked "short exempt" are reported with "other sales." [b] Sales to offset customers' odd-lot orders, and sales to liquidate a long position which is less than a round lot are reported with "other sales."

1941 Cotton Textile Production Set Record

Production by the cotton-textile industry in 1941 set a new record figure of 11,898,000,000 square yards, according to the annual report of W. Ray Bell, President of the Association of Cotton Textile Merchants of New York, delivered to its members on Feb. 5. The report reviewed association's activities in aiding the industry to adjust itself to war requirements, and was followed by the election of directors for the coming year. Saul F. Dribben, of Cone Export & Commission Co., was re-elected to the board of directors. Three new directors were elected: John C. Hughes, of McCampbell & Co.; Gerrish H. Milliken, of Deering Milliken & Co., and Robert D. Williams, of Callaway Mills, Inc. All will serve for three-year terms.

In his annual report Mr. Bell called attention to the fact that the Association of Cotton Textile Merchants "was born in the throes of the First World War," and stated that its initial effectiveness "was thoroughly tested in the problems of war procurement and post-war distribution of surplus textiles." Stressing national responsibilty as a basic concern of the organization, as set forth in its constitution, the report called for production of cotton-textile mills "shaped to fit the specialized needs of the armed forces." "It is vital, both for Worth Street and the cotton-textile industry at large," Mr. Bell stated, "that no effort of a voluntary nature be spared in completely satisfying these wants."

Citing the industry's defense and war effort in the past year, the report states that all previous records for spinning activity were broken, cotton consumption reached 10,575,000 bales, and 11,898,000,000 square yards of cloth were produced—2,300,000,000 square yards more than the previous record (1940) and 3,500,000,000 square yards above average annual production for the five years ending with 1939.

Labor Bureau's Wholesale Price Index Resumed Upward Trend for Week Ended Jan. 31

The Bureau of Labor Statistics, U. S. Department of Labor announced on Feb. 5 that commodity prices in wholesale markets resumed their upward movement during the last week of January following the slight reaction of the previous week, as prices for domestic agricultural commodities again advanced. The Bureau's comprehensive index of nearly 900 price series rose 0.4% to 95.9% of the 1926 average, the highest level since September, 1929. In the past 4 weeks the index has risen 1.7% and it is 19% above the corresponding week of 1941.

The Bureau's announcement further said:

> The indexes for the farm products and textile products groups rose 1% during the week. Foods and miscellaneous commodities advanced 0.3%; chemicals and allied products and housefurnishing goods, 0.2%; and building materials, 0.1%. Average wholesale prices for fuel and lighting materials declined slightly, while the indexes for hides and leather products and metals and metal products remained unchanged at last week's level.
>
> A sharp advance in prices for cotton, and somewhat smaller increases for barley, corn and wheat, were principal factors in the advance in the farm products group index. Higher prices were also reported for cows, hogs, live poultry, eggs, seeds and for most fresh fruits and vegetables. Quotations were lower for oats and rye, calves and steers, and for oranges. In the past month farm product prices have risen 4½% and are more than 41% above the corresponding week of a year ago.
>
> Prices in wholesale markets for nearly all foods, except meats, continued to rise. Cereal products were up 1.2% because of higher prices for flour and certain bakery products. Sharp increases in prices for bananas and lemons brought the average for fruits and vegetables up 0.4% during the week. Prices were also higher for tea and vinegar, for lard, tallow and butter and for most vegetable oils. Average prices for meats, on the contrary, declined more than 1% with lower prices reported for cured and fresh beef and pork, veal, mutton and dressed poultry. Food prices at wholesale have risen over 2% in the past 4 weeks and are more than 27% above the early February, 1941 level. Average wholesale prices for cattle feed rose 2.2%.
>
> The advance in raw cotton prices to the highest level since the Spring of 1929 again permitted increases in prices for most cotton textiles under the sliding scale ceiling imposed by the Office of Price Administration. Prices for most types of men's woolen and worsted clothing also advanced.
>
> With weakening prices for natural gasoline from the Oklahoma fields there was a decline of 0.1% in the fuel and lighting materials group index.
>
> Slightly higher prices for some types of lumber and for linseed oil and crushed stone resulted in an advance of 0.1% in average building material prices to the highest point since June, 1923. Prices for yellow pine boards, finish, lath and timbers declined.
>
> Higher prices were reported for fatty acids, for soap and for mixed fertilizers and certain fertilizer materials.
>
> The following tables show (1) index numbers for the principal groups of commodities for the past 3 weeks, for Jan. 3, 1942 and for Feb. 1, 1941 and the percentage changes from a week ago, a month ago, and a year ago (2) percentage changes in subgroup indexes from Jan. 24 to Jan. 31, 1942.

(1926 = 100)

						Percentage changes to Jan. 31, 1942 from—		
Commodity Groups—	1-31 1942	1-24 1942	1-17 1942	1-3 1942	2-1 1941	1-24 1942	1-3 1942	2-1 1941
All Commodities	**95.9**	**95.5**	**95.6**	**94.3**	**80.6**	**+0.4**	**+1.7**	**+19.0**
Farm products	101.3	100.3	100.8	96.9	71.7	+1.0	+4.5	+41.3
Foods	93.9	93.6	94.1	91.9	73.7	+0.3	+2.2	+27.4
Hides and leather products	115.7	115.7	115.6	115.7	102.6	0.0	0.0	+12.8
Textile products	93.6	92.7	92.6	91.6	75.2	+1.0	+2.2	+24.5
Fuel and lighting materials	78.8	78.9	78.9	79.0	72.6	—0.1	—0.3	+ 8.5
Metals and metal products	103.6	103.6	103.5	103.4	97.8	0.0	+0.2	+ 5.9
Building materials	109.6	109.5	109.1	108.3	99.5	+0.1	+1.2	+10.2
Chemicals and allied products	96.7	96.5	95.6	95.1	78.8	+0.2	+1.7	+22.7
Housefurnishing goods	102.9	102.7	102.7	102.5	90.4	+0.2	+0.4	+13.8
Miscellaneous commodities	88.4	88.1	87.9	87.5	76.8	+0.3	+1.0	+15.1
Raw materials	96.4	95.5	95.6	93.4	74.4	+0.9	+3.2	+29.6
Semimanufactured articles	92.0	91.8	91.4	90.3	81.3	+0.2	+1.9	+13.2
Manufactured products	96.4	96.3	96.5	95.5	83.8	+0.1	+0.9	+15.0
All commodities other than farm products	94.7	94.5	94.5	93.7	82.6	+0.2	+1.1	+14.6
All commodities other than farm products and foods	94.7	94.5	94.4	94.1	84.5	+0.2	+0.6	+12.1

PERCENTAGE CHANGES IN SUBGROUP INDEXES FROM JAN. 24, 1942 TO JAN. 31, 1942

Increases

Cattle feed	2.2	Furniture	0.1
Other farm products	1.8	Other miscellaneous	0.3
Cotton goods	1.8	Other textile products	0.2
Clothing	1.4	Lumber	0.2
Other foods	1.3	Paint & paint materials	0.2
Cereal products	1.2	Other building materials	0.2
Mixed fertilizers	0.7	Furnishings	0.2
Grains	0.4	Livestock & poultry	0.1
Fruits and vegetables	0.4	Shoes	0.1
Fertilizer materials	0.3	Hosiery and underwear	0.1
Chemicals	0.1		

Decreases

Meats	1.1	Hides and skins	0.2
Plumbing and heating	0.5	Petroleum products	0.2

Trading On New York Exchanges

The Securities and Exchange Commission made public on Feb. 6 figures showing the daily volume of total round-lot stock sales on the New York Stock Exchange and the New York Curb Exchange and the volume of round-lot stock transactions for the account of all members of these exchanges in the week ended Jan. 24, 1942, continuing a series of current figures being published by the Commission. Short sales are shown separately from other sales in these figures, the Commission explained.

Trading on the Stock Exchange for the account of members (except odd-lot dealers) during the week ended Jan. 24 (in round-lot transactions) totaled 876,220 shares, which amount was 15.70% of total transactions on the Exchange of 2,789,170 shares. This compares with member trading during the previous week ended Jan. 17 of 1,109,540 shares, or 17.60% of total trading of 3,152,210 shares. On the New York Curb Exchange, member trading during the week ended Jan. 24 amounted to 157,970 shares, or 16.39% of the total volume on that Exchange of 481,775 shares; during the preceding week trading for the account of Curb members of 168,210 shares was 17.72% of total trading of 474,745 shares.

The Commission made available the following data for the week ended Jan. 24:

The data published are based upon weekly reports filed with the New York Stock Exchange and the New York Curb Exchange by their respective members. These reports are classified as follows:

	N. Y. Stock Exchange	N. Y. Curb Exchange
Total Number of Reports Received	1,045	750
1. Reports showing transactions as specialists	182	93
2. Reports showing other transactions initiated on the floor	190	34
3. Reports showing other transactions initiated off the floor	196	67
4. Reports showing no transactions	581	567

Note—On the New York Curb Exchange, odd-lot transactions are handled solely by specialists in the stocks in which they are registered and the round-lot transactions of specialists resulting from such odd-lot transactions are not segregated from the specialists' other round-lot trades. On the New York Stock Exchange, on the other hand, all but a fraction of the odd-lot transactions are effected by dealers engaged solely in the odd-lot business. As a result, the round-lot transactions of specialists in stocks in which they are registered are not directly comparable on the two exchanges.

The number of reports in the various classifications may total more than the number of reports received because a single report may carry entries in more than one classification.

Total Round-Lot Stock Sales on the New York Stock Exchange and Round-Lot Stock Transactions for Account of Members* (Shares)

Week Ended Jan. 24, 1942

	Total For Week	Per Cent[a]
A. Total Round-Lot Sales		
Short sales	112,740	
Other sales[b]	2,676,430	
Total sales	2,789,170	
B. Round-Lot Transactions for the Account of Members, Except for the Odd-Lot Accounts of Odd-Lot Dealers and Specialists		
1. Transactions of specialists in stocks in which they are registered		
Total purchases	232,960	
Short sales	41,130	
Other sales[b]	187,940	
Total sales	229,070	8.28
2. Other transactions initiated on the floor		
Total purchases	122,990	
Short sales	26,200	
Other sales[b]	110,210	
Total sales	136,410	4.65
3. Other transactions initiated off the floor		
Total purchases	68,390	
Short sales	7,200	
Other sales[b]	79,200	
Total sales	86,400	2.77
4. Total		
Total purchases	424,340	
Short sales	74,530	
Other sales[b]	377,350	
Total sales	451,880	15.70

Total Round-Lot Stock Sales on the New York Curb Exchange and Stock Transactions for Account of Members* (Shares)

Week Ended Jan. 24, 1942

	Total For Week	Per Cent[a]
A. Total Round-Lot Sales		
Short sales	6,795	
Other sales[b]	474,980	
Total sales	481,775	
B. Round-Lot Transactions for the Account of Members		
1. Transactions of specialists in stocks in which they are registered		
Total purchases	45,995	
Short sales	4,145	
Other sales[b]	63,420	
Total sales	67,565	11.78
2. Other transactions initiated on the floor		
Total purchases	8,050	
Short sales	1,400	
Other sales[b]	10,675	
Total sales	12,075	2.09
3. Other transactions initiated off the floor		
Total purchases	12,660	
Short sales	900	
Other sales[b]	10,725	
Total sales	11,625	2.52
4. Total		
Total purchases	66,705	
Short sales	6,445	
Other sales[b]	84,820	
Total sales	91,265	16.39
C. Odd-Lot Transactions for the Account of Specialists		
Customers' short sales	0	
Customers' other sales[c]	24,378	
Total purchases	24,378	
Total sales	17,158	

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* The term "members" includes all regular and associate Exchange members, their firms and their partners, including special partners.

[a] Shares in members' transactions as per cent of twice total round-lot volume. In calculating these percentages, the total members' transactions is compared with twice the total round-lot volume on the Exchange for the reason that the total of members' transactions includes both purchases and sales, while the Exchange volume includes only sales.

[b] Round-lot short sales which are exempted from restriction by the Commission rules are included with "other sales."

[c] Sales marked "short exempt" are included with "other sales."

Wholesalers' 1941 Sales Inventories, Credits Rise Over Preceding Year

Sales of wholesalers advanced 31% in 1941 over 1940, according to an announcement by J. C. Capt. According to a Dept. of Commerce release of Jan. 30 this increase contrasts sharply with the 7% gain reported for 1940 over 1939 and the 7% gain in 1939 over 1938. The year had started out with a substantial margin over 1940, up one-fifth at at the end of the first quarter. A widening spread brought the margin of gain up to one-fourth by the end of June. In the third quarter of 1941, sales spurted upward, bringing the record to 30% for the first 9 months. This was maintained in the final quarter, so that the year as a whole was 31% above 1940.

Industrial and hard-goods lines registered the stronger gains. Wholesalers of industrial supplies led all other trades with a 66% margin over 1940 sales. They were followed by metals, 62%; electrical goods, 60%; and machinery, equipment, and supplies (except electrical), 59%. Four other trades had advances of over 40%, while 9 additional registered gains over 1940 of 30-39%. Smaller margins over 1940 were recorded by food trades, ranging upward from the 12% figure for dairy and poultry products.

The trades enjoying the greatest gains for the year obtained their lead in the earlier part of the year. December sales for wholesalers of electrical goods, for instance, were 27% over December, 1940, compared with their 60% record for the year. Contrariwise, wholesalers of nondurable consumers goods felt an accelerated pace as the year closed. Beer and liquor trades that had undergone violent fluctuations during the year, ended with sales almost one-fourth above 1940.

Inventories increased during the year in terms of dollars, based on cost value. At the beginning of the year, inventories were about 6% over the stocks on hand one year earlier. Each month during 1941, this margin of gain over 1940 increased, until now inventories are 29% greater than on Dec. 31, 1940. December is the 29th consecutive month during which inventories have gained over the same month of the previous year. During the month of December, sales gained an amount equal to the inventory gain with the result that the stock-sales ratio remained at 148 for both December, 1940, and 1941. This is in contrast to earlier months when sales were gaining more rapidly than inventories, and the stock-sales ratio was falling.

Collections on accounts receivable were more favorable in December than during the same month of last year, and increased seasonally from November, 1941. Collections equaled 84% of accounts receivable as of Dec. 1, compared wtih collection percentages of 76 for December, 1940, and 75 for November, 1941. Accounts receivable were 23% greater on Dec. 1, 1941, than at the same date in 1940, and 5% below Nov. 1, 1941.

Aid For El Salvador

Secretary of State Hull announced on Feb. 2 the signing of a lend-lease agreement with El Salvador. No official details of the pact were revealed but, according to the New York "Times", it covers both hemispheric defense and trade arrangements and is understood to provide for expenditure of approximately $1,100,000. This pact is one of a series which have been recently concluded with various Latin-American countries.

Revenue Freight Car Loadings During Week Ended Jan. 31, 1942 Amounted To 815,567 Cars

Loading of revenue freight for the week ended Jan. 31, totaled 815,567 cars the Association of American Railroads announced on Feb. 5. The increase above the corresponding week in 1941 was 101,213 cars or 14.2% and above the same week in 1940 was 157,737 cars or 24.0%.

Loading of revenue freight for the week of Jan. 31 decreased 2,237 cars or 0.3% below the preceding week.

Miscellaneous freight loading totaled 372,350 cars, an increase of 1,906 cars above the preceding week, and an increase of 68,156 cars above the corresponding week in 1941.

Loading of merchandise less than carload lot freight totaled 151,786 cars, an increase of 2,331 cars above the preceding week, and an increase of 502 cars above the corresponding week in 1941.

Coal loading amounted to 155,650 cars, a decrease of 7,149 cars below the preceding week, but an increase of 3,493 cars above the corresponding week in 1941.

Grain and grain products loading totaled 47,629 cars, an increase of 481 cars above the preceding week, and an increase of 17,122 cars above the corresponding week in 1941. In the Western Districts alone, grain and grain products loading for the week of Jan. 31 totaled 32,147 cars, an increase of 642 cars above the preceding week, and an increase of 13,871 cars above the corresponding week in 1941.

Live stock loading amounted to 11,517 cars, a decrease of 810 cars below the preceding week, but an increase of 1,106 cars above the corresponding week in 1941. In the Western Districts alone, loading of live stock for the week of Jan. 31 totaled 8,479 cars a decrease of 697 cars below the preceding week, but an increase of 819 cars above the corresponding week in 1941.

Forest products loading totaled 48,764 cars, an increase of 1,421 cars above the preceding week, and an increase of 9,230 cars above the corresponding week in 1941.

Ore loading amounted to 13,342 cars a decrease of 761 cars below the preceding week but an increase of 894 cars above the corresponding week in 1941.

Coke loading amounted to 14,529 cars, an increase of 344 cars above the preceding week and an increase of 710 cars above the corresponding week in 1941.

All districts reported increases compared with the corresponding weeks in 1941 and 1940.

	1942	1941	1940
Week of January 3	676,534	614,171	592,925
Week of January 10	737,172	711,635	668,241
Week of January 17	811,196	703,497	646,382
Week of January 24	817,804	710,752	650,187
Week of January 31	815,567	714,354	657,830
Total	3,858,273	3,454,409	3,215,565

The following table is a summary of the freight carloadings for the separate railroads and systems for the week ended Jan. 31, 1942. During this period 109 roads showed increases when compared with the corresponding week last year.

REVENUE FREIGHT LOADED AND RECEIVED FROM CONNECTIONS
(NUMBER OF CARS)—WEEK ENDED JANUARY 31

Railroads	Total Revenue Freight Loaded			Total Loads Received from Connections	
	1942	1941	1940	1942	1941
Eastern District—					
Ann Arbor	668	570	601	1,618	1,478
Bangor & Aroostook	1,884	2.114	1,884	213	246
Boston & Maine	8,924	7,860	7,626	13,563	12,228
Chicago, Indianapolis & Louisville	1,470	1,466	1,581	2,448	2,194
Central Indiana	35	16	16	72	60
Central Vermont	1,184	1,297	1,307	2,230	2,213
Delaware & Hudson	5,927	6,748	4.957	11,223	8,710
Delaware, Lackawanna & Western	9,057	9,373	8,961	9,919	7,418
Detroit & Mackinac	287	233	233	154	117
Detroit, Toledo & Ironton	2,818	3,108	2,890	1,824	1,864
Detroit & Toledo Shore Line	301	377	297	4,454	3,828
Erie	14,548	13,612	11,754	15,920	14,081
Grand Trunk Western	5,289	5,494	4,653	8,961	8,794
Lehigh & Hudson River	207	144	148	3,163	2,286
Lehigh & New England	1,634	1,601	1,487	1,671	1,461
Lehigh Valley	9,496	9,232	8,406	9,900	7,945
Maine Central	3,511	3,496	3,137	3,523	3,110
Monongahela	6,201	4,836	7,217	440	270
Montour	2,093	1,883	1,911	32	35
New York Central Lines	48,637	44,805	39,936	51,323	44,531
N. Y., N. H. & Hartford	12,708	10,901	9,641	16,972	13 919
New York, Ontario & Western	1,023	1,082	1,060	2,425	2,009
N. Y., Chicago & St. Louis	6,501	5,381	5,193	14,812	12,560
N. Y., Susquehanna & Western	575	435	362	1,518	1,611
Pittsburgh & Lake Erie	8,287	7,923	6,484	7,521	6,483
Pere Marquette	6,148	6,128	5,898	6,809	6,311
Pittsburgh & Shawmut	584	509	534	66	30
Pittsburgh, Shawmut & North	443	393	442	330	262
Pittsburgh & West Virginia	923	774	1,101	2,186	2,009
Rutland	553	529	584	1,147	965
Wabash	6,094	5,603	5,600	12,050	10.397
Wheeling & Lake Erie	4,840	4,101	3,467	4,283	3,851
Total	172,850	162,024	149,368	212,770	183,276
Allegheny District—					
Akron, Canton & Youngstown	728	529	401	1,058	1.090
Baltimore & Ohio	39,499	33,840	30,015	23,302	18,968
Bessemer & Lake Erie	3.141	2,800	2,284	1,458	1,887
Buffalo Creek & Gauley	361	303	291	6	5
Cambria & Indiana	1,897	1.926	1,673	14	10
Central R.R. of New Jersey	8,027	6,827	6,405	17,315	12,919
Cornwall	700	591	544	65	60
Cumberland & Pennsylvania	314	314	280	22	26
Ligonier Valley	143	171	181	52	53
Long Island	923	661	546	3,371	2,656
Penn-Reading Seashore Lines	1,754	1.235	1,064	2,011	1.523
Pennsylvania System	81,744	69,667	61,600	57,142	44,869
Reading Co.	16,643	15,886	13.452	24,887	19,783
Union (Pittsburgh)	20,849	19.703	16.700	3,692	3.317
Western Maryland	4,102	3,525	3,427	9,600	8,056
Total	180,825	157,978	138,863	143,995	115,222
Pocahontas District—					
Chesapeake & Ohio	24,581	22,481	23,600	10.517	10.115
Norfolk & Western	21,209	21,674	19,455	6.323	5 808
Virginian	4,125	4,549	4,379	1,924	1,562
Total	49.915	48,704	47,434	18,764	17,485
Southern District—					
Alabama, Tennessee & Northern	413	344	240	331	202
Atl. & W. P.—W. R.R. of Ala.	958	786	698	2,116	1,680
Atlanta, Birmingham & Coast	784	676	476	1,081	1,146
Atlantic Coast Line	12,916	11,484	9,647	7,993	6,646
Central of Georgia	4,605	5,263	3,509	4,087	3,719
Charleston & Western Carolina	400	449	369	1,732	1,665
Clinchfield	1,695	1,599	1,461	2,923	2,821
Columbus & Greenville	335	294	219	308	322
Durham & Southern	194	184	145	999	597
Florida East Coast	1,344	955	927	1,192	1,148
Gainsville Midland	42	31	32	107	91
Georgia	1,571	1,181	769	2,537	1,799
Georgia & Florida	467	341	243	772	693
Gulf, Mobile & Ohio	4,623	3,559	2,832	3.797	2,854
Illinois Central System	29,714	22,323	22,231	15,248	12,210
Louisville & Nashville	24,447	23,616	23,893	8,955	6,696
Macon, Dublin & Savannah	218	153	155	777	1,203
Mississippi Central	168	151	119	638	381
Nashville, Chattanooga & St. L.	3,726	3,011	2,534	3,809	3,188
Norfolk Southern	1,316	1,167	850	1,309	1,190
Piedmont Northern	514	400	394	1,492	1,543
Richmond Fred. & Potomac	476	366	333	9,009	5.795
Seaboard Air Line	11,121	10,625	8,697	7,495	6,345
Southern System	25,255	23,419	19,439	21,352	16,641
Tennessee Central	616	496	366	833	682
Winston-Salem Southbound	128	141	151	884	732
Total	128,046	112,014	100,729	101,776	81,989
Northwestern District—					
Chicago & North Western	18,471	15,320	14,527	14,742	11,683
Chicago Great Western	2,925	2,376	2,297	3,684	2,909
Chicago, Milw., St. P. & Pac.	23,258	19,849	19,132	9,922	8,742
Chicago, St. Paul, Minn. & Omaha*	4,583	4,067	3,784	4,582	3,734
Duluth, Missabe & Iron Range	1,129	908	965	407	173
Duluth, South Shore & Atlantic	790	707	567	584	467
Elgin, Joliet & Eastern	10,260	9,826	8,330	10,449	8,553
Ft. Dodge, Des Moines & South	467	417	329	145	143
Great Northern	12,170	9,434	8,608	4,486	2,985
Green Bay & Western	616	522	542	798	698
Lake Superior & Ishpeming	341	252	247	53	57
Minneapolis & St. Louis	2,675	1,542	1,570	2,506	2,073
Minn., St. Paul & S. S. M.	5,984	4,911	5,004	3,700	2,822
Northern Pacific	10,665	9,236	8,410	4,739	3,688
Spokane International	99	102	84	303	204
Spokane, Portland & Seattle	2,434	1,550	1,325	2,680	1,783
Total	96,867	81,019	75,821	63,780	50,714
Central Western District—					
Atch. Top. & Santa Fe System	22,665	17,992	17,809	9,873	7,206
Alton	3,420	2,983	2,719	3,532	2,519
Bingham & Garfield	565	460	421	114	101
Chicago, Burlington & Quincy	18,427	15,107	15,115	10,977	8,638
Chicago & Illinois Midland	3,066	2,587	2,514	847	824
Chicago, Rock Island & Pacific	12,724	10,560	10,265	12,073	9,691
Chicago & Eastern Illinois	2,901	2,991	2,790	3,297	2,966
Colorado & Southern	780	812	879	1,575	1.508
Denver & Rio Grande Western	3,260	2,878	2,883	4,367	2,712
Denver & Salt Lake	749	669	1,045	8	8
Fort Worth & Denver City	1,194	863	984	1,063	922
Illinois Terminal	1,960	1,682	2,028	1,657	1,571
Missouri-Illinois	1,060	775	939	441	396
Nevada Northern	1,906	1,870	1,747	146	117
North Western Pacific	883	584	485	489	400
Peoria & Pekin Union	21	32	18	0	0
Southern Pacific (Pacific)	27,114	22,955	20,151	9,533	5,995
Toledo, Peoria & Western	304	318	359	658	1,263
Union Pacific System	16,050	13,664	12,988	12,244	8,047
Utah	726	412	486	7	6
Western Pacific	1,926	1,548	1,176	3,255	1,697
Total	121,701	101,742	96,801	76,157	56,587
Southwestern District—					
Burlington-Rock Island	189	130	152	238	245
Gulf Coast Lines	5,335	2,900	3,313	2,789	1,601
International-Great Northern	2,194	1,594	1,729	2,631	2,336
Kansas, Oklahoma & Gulf	373	167	195	1,040	1,203
Kansas City Southern	3,201	2,332	2,481	2,481	2,046
Louisiana & Arkansas	2,622	2,004	1,672	2,466	1,814
Litchfield & Madison	408	329	412	1,160	973
Midland Valley	518	740	737	297	233
Missouri & Arkansas	196	137	133	476	332
Missouri-Kansas-Texas Lines	5,143	4,164	3,903	4,700	2,719
Missouri Pacific	17,301	14,834	14,263	13,672	10,232
Quanah Acme & Pacific	139	83	88	256	118
St. Louis-San Francisco	9,442	7,696	7,280	7,028	5,218
St. Louis Southwestern	3,191	2,735	2,247	4,639	2,779
Texas & New Orleans	8,226	6,874	6,477	5,370	3,335
Texas & Pacific	6,730	4,020	3,567	9,116	4,398
Wichita Falls & Southern	118	120	133	39	57
Weatherford M. W. & N. W.	37	14	32	45	323
Total	65,363	50,873	48,814	58,443	39,962

Note—Previous year's figures revised.

Bank Debits Up 15% From Last Year

Bank debits as reported by banks in leading centers for the week ended Feb. 4, aggregated $11,380,000,000. Total debits during the 13 weeks ended Feb. 4 amounted to $148,534,000,000, or 18% above the total reported for the corresponding period a year ago. At banks in New York City there was an increase of 11% compared with the corresponding period a year ago, and at the other reporting centers there was an increase of 22%.

SUMMARY BY FEDERAL RESERVE DISTRICTS
(In millions of dollars)

Federal Reserve District—	Week Ended Feb. 4, 1942	Week Ended Feb. 5, 1941	13 Weeks ended Feb. 4, 1942	13 Weeks ended Feb. 5, 1941
Boston	661	552	8,665	7,384
New York	4,537	4,195	58,565	52,630
Philadelphia	610	524	8,108	6,775
Cleveland	829	675	10,959	9,035
Richmond	440	378	5,945	4,863
Atlanta	392	326	5,030	4,010
Chicago	1,747	1,456	22,429	18,431
St. Louis	370	292	4,898	3,873
Minneapolis	221	160	2,811	2,154
Kansas City	340	274	4,711	3,719
Dallas	288	244	4,105	3,176
San Francisco	947	781	12,307	10,018
Total, 274 reporting centers	11,380	9,859	148,534	126,068
New York City*	4,116	3,850	53,340	48,250
140 Other centers*	6,286	5,190	82,183	67,361
133 Other reporting centers	978	819	13,010	10,458

*Included in the national series covering 141 centers, available beginning with 1919.

Fertilizer Ass'n. Price Index Improves

The general level of wholesale commodity prices moved upward during the week, according to the price index compiled by The National Fertilizer Association, which was made public on Feb. 9. In the week ended Feb. 7, 1942, this index rose to 122.0 as compared with 121.8 in the preceding week. A month ago this index was 120.0 and a year ago 99.9, based on the 1935-1939 average as 100.

The rise in the all-commodity index was due principally to advances in food and farm product quotations. The index of industrial commodities registered a small decline. Meat prices rallied last week causing the food index to move to higher levels. The farm product average rose still further as increased prices for livestock more than offset declines in cotton and grains. An advance in the price of linseed oil was sufficient to raise the building material index fractionally. The fertilizer material index, likewise moved to higher ground. The textile price average fell off during the week after recording 12 consecutive advances; raw cotton cotton goods, and cotton yarn prics were lower. Decreases in cattlefeed and cottonseed meal quotations were responsible for the decline in the index of miscellaneous commodities.

Price changes during the week were nearly evenly balanced, with 25 price series included in the index advancing and 22 declining; in the preceding week there were 30 advances and 15 declines; in the second preceding week there were 27 advances and 15 declines.

WEEKLY WHOLESALE COMMODITY PRICE INDEX
Compiled by The National Fertilizer Association
[1935-1939 = 100]*

% Each Group Bears to the Total Index	GROUP	Latest Week Feb. 7, 1942	Preceding Week Jan. 31, 1942	Month Ago Jan. 3, 1942	Year Ago Feb. 8, 1941
25.3	Foods	117.3	117.0	116.3	91.5
	Fats and Oils	135.5	132.7	122.8	73.8
	Cottonseed Oil	158.7	158.7	144.5	72.9
23.0	Farm Products	131.8	131.5	126.2	93.4
	Cotton	182.3	186.8	168.8	96.2
	Grains	120.0	121.1	116.2	84.3
	Livestock	124.5	122.8	120.0	94.0
17.3	Fuels	113.3	113.3	113.0	101.5
10.8	Miscellaneous Commodities	127.3	127.8	126.6	109.8
8.2	Textiles	149.7	150.8	142.7	113.0
7.1	Metals	104.4	†104.4	104.0	103.1
6.1	Building Materials	132.0	131.9	131.5	112.7
1.3	Chemicals and Drugs	120.1	120.1	120.1	103.9
.3	Fertilizer Materials	118.0	117.6	116.4	106.0
.3	Fertilizers	114.0	114.0	119.7	104.0
.3	Farm Machinery	103.5	103.5	103.4	99.7
100.0	All Groups Combined	122.0	121.8	120.0	99.9

*Indexes on 1926-1928 base were: Feb. 7, 1942, 95.0; Jan. 31, 1942, 94.9; Feb. 8, 1941, 77.8. †Revised.

Engineering Construction Down 27% In Week

Heavy engineering construction for the week (Feb. 5) totals $161,090,000, an increase of 72% over the volume for the corresponding 1941 week, but 27% lower than the 1942 high of a week ago as reported on Feb. 5 by "Engineering News-Record." Public construction is 198% higher, almost triple the 1941-week total, but is 32% below last week's total. The private volume is up 26% compared with a week ago, but is 54% below a year ago.

The current week's volume brings 1942 construction to $789,870,000, a 16½% increase over the six-week 1941 total. Private construction, $72,768,000, is 67% below the period last year, but public is 57% higher as a result of the 110% gain in Federal work

Construction volumes for the 1941 week, last week, and the current week are:

	Feb. 6. 1941	Jan. 29. 1942	Feb. 5. 1942
Total construction	$93.741,000	$221,694,000	$161,090.000
Private construction	46,951.000	17.156.000	21.647.000
Public construction	46,790.000	204.538.000	139.443.000
State and Municipal	23.328.000	17,307.000	9.543.000
Federal	23,462,000	187,231,000	129,900,000

In the classified construction groups, gains over the 1941-week totals are reported in bridges, public buildings, and unclassified construction. Industrial building in the only class of work to record a gain over last week. Subtotals for the week in each class of construction are: waterworks, $854,000; sewerage, $927,000; bridges $1,367.000; industrial buildings, $11.184.000; commercial building and large-scale private housing, $9,452,000; public buildings, $100,473,000; earthwork and drainage, $970.000; streets and roads $2,301,000; and unclassified construction, $33,562,000.

New capital for construction purposes for the week totals $2,424.000. This volume compares with $7,576,000 reported for the week last year. The current week's financing is made up of $2,395,000 in state and municipal bond sales, and $29,000 in RFC loans for public improvements.

New construction financing for the year to date, $562.338.000 tops the $101,564,000 reported for the six-week period last year by 454%.

The London Stock Exchange

Quotations of representative stocks as received by cable each day of the past week:

	Saturday Jan. 31	Monday Feb. 2	Tuesday Feb. 3	Wednesday Feb. 4	Thursday Feb. 5	Friday Feb. 6
Boots Pure Drugs	Closed	36/6	36/6	36/3	35/9	34/6
British Amer. Tobacco		82/6	80/–	80/–	78/9	78/9
Cable & Wire ord.		£69	£69	£68½	£68½	£69
Central Min. & Invest.		£13	£13	£13	£13	£13
Cons. Goldfields of S. A.		38/9	38/9	38/9	38/9	39/3
Courtaulds (S.) & Co.		34/–	34/–	34/–	34/–	34/–
De Beers		£8⅜	£8¼	£8¼	£8¼	£8⅛
Distillers Co.		74/3	73/9	73/9	74/–	74/6
Electric & Musical Ind.		14/6	14/6	14/6	14/6	14/6
Ford Ltd		25/9	25/9	26/3	26/–	26/–
Hudsons Bay Company		25/–	25/–	25/–	24/6	24/6
Imp. Tob. of G. B. & I.		131/3	130/–	130/–	130/–	131/3
London Midland Ry.		£18⅝	£18⅜	£18¼	£18¼	£18¼
Metal Box		76/–	76/–	76/–	76/–	76/-
Rand Mines		£6⅞	£6⅞	£6⅞	£6⅞	£6⅞
Rio Tinto		£8	£8	£8	£8	£8
Rolls Royce		88/9	88/9	88/9	88/9	88/9
Shell Transport		48/9	48/–	48/9	48/–	48/–
United Molasses		32/–	31/9	32/–	32/–	32/–
Vickers		16/9	16/9	16/9	16/9	16/9
West Witwatersrand Areas		£4 7/16	£4 7/16	£4½	£4½	£4 7/16

World Prices Steady

General Motors Corp. and Cornell University, which prior to the European war had collaborated in the publication of a world commodity price index, have resumed issuance of international price statistics, but on a different basis than before the war. Instead of a composite index of world prices, these organizations now are publishing the information only as individual country indexes.

The index is built upon 40 basic commodities and the list is the same for each country in so far as possible. Each commodity is weighted uniformly for each country, according to its relative importance in world production. The actual price data are collected weekly by General Motors overseas operations from sources described as "the most responsible agencies available in each country usually a government department." The commodities involved include "a comprehensive list of several groups, including grains livestock and livestock products, miscellaneous foods (coffee, cocoa tea, sugar, &c.), textiles, fuels, metals and a list of other miscellaneous materials (rubber, hides, lumber, newsprint, linseed oil, &c.).' Weights assigned in the index to the different commodity groups are as follows: Grains, 20; livestock and livestock products, 19; vegetable fats and other foods, 9; textiles, 12; fuel, 11; metals, 11; miscellaneous, 18.

The indexes, which are based on prices expressed in the currency of each country, were reported Feb. 9 as follows:

(August, 1939=100)

	Argentina	*Australia*	*Canada*	*England*	*Java*	*Mexico*	*New Zeal'd*	*Sweden*	*Switzerland*	*United States*
1941—										
January	114	127	126	150	†120	111	119	144	†172	120
February	114	126	127	150	121	113	119	147	171	120
March	119	122	129	150	123	114	119	154	176	122
April	121	121	131	150	125	115	119	156	180	125
May	126	120	134	†152	129	117	120	156	189	129
June	133	121	137	155	131	119	121	155	193	132
July	†135	†121	†141	†156	†136	†125	†122	†155	194	†136
August	138	121	†142	157	138	127	123	156	196	138
September	†140	122	145	†157	138	†130	†123	156	203	143
October	140	123	143	†158	139	132	126	156	207	†140
November	†142	124	143	158	141	133	124	157	209	141
December	†143	122	†144	†159	---	†139	123	157	---	145
1942—										
January	144	123	146	160	---	140	123	157	---	151
1941—										
Weeks end.:										
Dec. 6	141	122	143	†159	*141	137	124	157	209	142
Dec. 13	†137	122	143	†160	---	139	123	157	*209	144
Dec. 20	†142	122	†143	†159	---	†139	123	157	---	†148
Dec. 27	†142	123	144	*160	---	139	123	157	---	147
1942—										
Jan. 3	142	123	144	*160	---	140	123	157	---	148
Jan. 10	†143	123	146	*159	---	141	123	157	---	150
Jan. 17	145	123	146	*160	---	140	124	157	---	151
Jan. 24	145	*123	147	*160	---	139	123	157	---	151
Jan. 31	145	124	148	*161	---	139	124	157	---	152

* Preliminary. † Revised.

English Financial Market--Per Cable

The daily closing quotations for securities, &c., at London, as reported by cable, have been as follows the past week:

	Saturday	Monday	Tuesday	Wednesday	Thursday	Friday
Silver, p. oz. d.	Closed	23½d	23½d	23½d	23½d	23½d
Gold, p. fine oz.	168s	168s	168s	168s	168s	168s
Consols. 2½%	Closed	£82 9/16	£82½	£82½	£82½	£82½
British 3½% W. L.	Closed	£105 1/16	£105	£105	£105	£105
British 4% 1960-90	Closed	£115¼	£115¼	£115¼	£115¼	£115¼

The price of silver per oz. (in cents) in the United States on the same day has been:

Bar N. Y. (Foreign)	35⅛	35⅛	35⅛	35⅛	35⅛	35⅛
U. S. Treasury (newly mined)	71.11	71.11	71.11	71.11	71.11	71.11

Moody's Bond Prices And Bond Yield Averages

Moody's computed bond prices and bond yield averages are given in the following tables:

MOODY'S BOND PRICES†
(Based on Average Yields)

1942— Daily Averages	U. S. Govt. Bonds	Avge. Corporate *	Corporate by Ratings * Aaa	Aa	A	Baa	Corporate by Groups * R. R.	P. U.	Indu
Feb. 10	116.70	106.74	116.22	113.70	107.98	91.77	97.16	110.70	113.70
9	116.93	106.92	116.22	113.70	107.98	91.91	97.16	110.52	113.70
7	117.01	106.92	116.22	113.70	107.98	91.91	97.16	110.52	113.70
6	117.02	106.74	116.41	113.50	107.80	91.91	97.16	110.70	113.70
5	117.10	106.92	116.41	113.70	107.80	91.91	97.16	110.52	113.70
4	117.10	106.74	116.22	113.70	107.80	91.91	97.16	110.52	113.70
3	117.16	106.74	116.22	113.70	107.80	91.91	97.16	110.52	113.50
2	117.17	106.74	116.22	113.50	107.80	92.06	97.31	110.52	113.50
Jan. 30	117.08	106.92	116.22	113.70	107.80	92.06	97.31	110.52	113.70
23	117.51	106.92	116.22	114.08	107.62	91.91	97.31	110.70	113.70
16	117.60	106.92	116.41	113.89	107.62	91.91	97.31	110.52	113.70
9	118.00	106.92	116.61	114.08	107.62	91.77	97.16	110.70	113.
2	117.61	106.04	115.82	113.50	107.09	90.63	95.92	110.34	113.3
High 1942	118.10	106.92	116.61	114.08	107.98	92.06	97.47	110.88	113.8
Low 1942	116.93	106.04	115.82	113.50	107.09	90.63	95.92	110.34	113.31
High 1941	120.05	108.52	118.60	116.02	109.60	92.50	97.78	112.56	116.4
Low 1941	115.89	105.52	116.22	112.00	106.04	89.23	95.62	109.42	111.6
1 Year ago									
Feb. 10, 1941	116.51	106.21	117.80	113.31	106.39	90.34	96.69	109.79	113.50
2 Years ago									
Feb. 10, 1940	115.45	102.46	115.82	112.37	101.31	84.43	90.63	107.09	111.07

MOODY'S BOND YIELD AVERAGES†
(Based on Individual Closing Prices)

1942— Daily Average	Avge. Corporate	Corporate by Ratings Aaa	Aa	A	Baa	Corporate by Groups R. R.	P. U.	Indu-
Feb. 10	3.35	2.84	2.97	3.28	4.29	3.93	3.13	2.97
9	3.34	2.84	2.97	3.28	4.28	3.93	3.14	2.97
7	3.34	2.84	2.97	3.28	4.28	3.93	3.14	2.97
6	3.35	2.83	2.98	3.29	4.28	3.93	3.13	2.97
5	3.34	2.83	2.97	3.29	4.28	3.93	3.14	2.97
4	3.35	2.84	2.97	3.29	4.28	3.93	3.14	2.97
3	3.35	2.84	2.97	3.29	4.28	3.93	3.14	2.98
2	3.35	2.84	2.98	3.29	4.27	3.92	3.14	2.98
Jan. 30	3.34	2.84	2.97	3.29	4.27	3.92	3.14	2.97
23	3.34	2.84	2.95	3.30	4.28	3.92	3.13	2.97
16	3.34	2.83	2.96	3.30	4.28	3.92	3.14	2.97
9	3.34	2.82	2.95	3.30	4.29	3.93	3.13	2.96
2	3.39	2.86	2.98	3.33	4.37	4.01	3.15	2.99
High 1942	3.39	2.86	2.98	3.33	4.37	4.01	3.15	2.99
Low 1942	3.34	2.82	2.95	3.28	4.27	3.91	3.12	2.96
High 1941	3.42	2.86	3.06	3.39	4.47	4.03	3.20	3.08
Low 1941	3.25	2.72	2.85	3.19	4.24	3.89	3.03	2.83
1 Year ago								
Feb. 10, 1941	3.38	2.76	2.99	3.37	4.39	3.96	3.18	2.98
2 Years ago								
Feb. 10, 1940	3.60	2.86	3.04	3.67	4.83	4.37	3.33	3.11

* These prices are computed from average yields on the basis of one "typical" bond (3¾% coupon, maturing in 25 years) and do not purport to show either the average level or the average movement of actual price quotations. They merely serve to illustrate in a more comprehensive way the relative levels and the relative movement of yield averages, the latter being the true picture of the bond market.

† The latest complete list of bonds used in computing these indexes was published in the issue of Oct. 2, 1941, page 409.

Lumber Movement—Week Ended Jan. 31, 1942

Lumber production during the week ended Jan. 31, 1942, was 1% less than the previous week, shipments were 5% greater, new business 7% less, according to reports to the National Lumber Manufacturers Association from regional associations covering the operations of representative hardwood and softwood mills. Shipments were 21% above production; new orders 41% above production. Compared with the corresponding week of 1941, production was 2% less, shipments 6% greater, and new business 13% greater. The industry stood at 164% of the average of production in the corresponding week of 1935-39 and 161% of average 1935-39 shipments in the same week.

Year-to-Date Comparisons

Reported production for the first 4 weeks of 1942 was 6% below corresponding weeks in 1941; shipments were 3% below the shipments, and new orders 13% above the orders of the 1941 period. For the 4 weeks of 1942, new business was 38% above production, and shipments were 13% above production.

Supply and Demand Comparisons

The ratio of unfilled orders to gross stocks was 46% on Jan. 31, 1942, compared with 33% a year ago. Unfilled orders were 30% greater than a year ago; gross stocks were 7% less.

Softwoods and Hardwoods

Record for the current week ended Jan. 31, 1942, for the corresponding week a year ago, and for the previous week, follows in thousand board feet:

Softwoods and Hardwoods

	1942 Week	1941 Week	1942 Previous Wk. (rev.)
Mills	459	459	473
Production	221,437	225.476	222.565
Shipments	268,047	252.973	254.966
Orders	311,856	277,107	335,606

	Softwoods 1942 Week	Hardwoods 1942 Week
Mills	278	94
Production	210,078—100%	11.359—100%
Shipments	255,280—122%	12.767—112%
Orders	296,937—141%	14.919—131%

National Banks

The following information is from the office of the Comptroller of the Currency, Treasury Department:

VOLUNTARY LIQUIDATIONS

	Amount
Jan. 31—The First National Bank of Oakdale, Pa.	$75,000

Effective Jan. 30, 1942.
Liquidating Com.: John G. Klinginsmith, R. M. Delaney and John M. Shane, care of the liquidating bank.
No absorbing on succeeding association.

Feb. 2—The First National Bank of Sharon Springs, N. Y.	50,000

Effective Jan. 14, 1942.
Liquidating Com.: George U. Clausen, John L. Empie and A. H. Samson, care of the liquidating bank.
No absorbing or succeeding association.

PREFERRED STOCK ISSUED

Feb. 4—The Farmers National Bank of Geneseo, Geneseo, Ill.	$25,000

Sold locally.

Moody's Daily Commodily Index

Tuesday, Feb. 3	225.1
Wednesday, Feb. 4	226.1
Thursday, Feb. 5	226.9
Friday, Feb. 6	226.9
Saturday, Feb. 7	226.2
Monday, Feb. 9	226.5
Tuesday, Feb. 10	225.5
Two weeks ago, Jan. 27	227.3
Month ago, Jan. 19	221.8
Year ago, Feb. 10	173.5
1941 High, Sept. 9	219.9
Low, Feb. 17	171.6
1942 High, Jan. 27	227.3
Low, Jan. 2	220.0

Steel Production Rises—Demand Still Exceeds Output—War Orders Increase Rapidly

The number and tonnage of war steel orders carrying AA to A-3 preference ratings have increased so rapidly in recent months that many steel companies see a complete blackout ahead for steel bookings covered by lower ratings unless these needs are handled by allocation, says the "Iron Age" in its issue of today (Feb. 12). No central authority at Washington, it is believed, has accurate figures showing the overall distribution of steel orders by various priority levels. Some steel companies have found that more than 70% of their rated backlogs carry ratings of A-3 or better. The "Age" further states:

One result of this unprecedented change in steel distribution (concentration of highly rated orders) must result in more allocations, according to some steel analysts. Priority ratings such as A-5 to A-10 are becoming ineffective since such tonnage is being pushed aside for more urgent war material. Complicating the steel distributing problem are the gigantic shell program, the allocation of railroad maintenance of way supplies, the mandatory order to complete 36,000 freight cars by May 1, the great stepup in Naval and merchant ship building and the herculean task of preparing buildings and equipment for an army of several million men.

The Navy Department recently requested bids for manufacture of 50 million shells, requiring upwards of 80,000 tons of cold finished bar steel. Contracts for some of this work have been placed and the remainder is expected to be allocated soon.

Cancellations of non-defense orders continue to reach the steel mills with one company recently dropping several hundred thousand tons of such business. With allocations having already been made for steel to go into the new lake ore carriers, steel producers have received orders for the necessary bars to supplement shape and plate orders previously placed. An additional order has been placed for sheet steel to go into airplane landing mats A definite decision in the gage of tubing to be used in manufacture of airplane bombs has not been reached, with the Army apparently holding out for an unpopular size and the mills emphasizing the advisability of using a popular size.

Steel ingot production this week rose a point to 97.5 of capacity, according to "The Iron Age" estimates, the highest level since the week before Christmas. This week's gain is due largely to resumption of melting in a number of open-hearths which had been down for repairs, plus a slightly more plentiful supply of scrap in several areas which have been suffering from shortage of this material.

Pittsburgh district steel operations are up one point this week to 97% of capacity while Cleveland gained seven points to 95%, Birmingham rose 3.5 points to 99% and Detroit climbed 1.5% to 107.5%. Southern Ohio is a point higher at 105% and the St. Louis district advanced six points to 81%. The big Chicago steel producing district dipped a half point to 102.5% and Buffalo is 2.5 points lower at 90%. Philadelphia is unchanged at 90.5% while Wheeling remains at 88%.

Several steel centers could lift operations if scrap supplies were ample. Prices of junked automobiles are to be governed by the iron and steel scrap price schedule after disclosure that auto wrecking yards are being purchased on a wide scale for immediate conversion of their scrap for steel plants. The resulting prepared scrap from auto wrecking yards must not exceed ceiling prices delivered to the mills, the OPA said. "Unprepared" scrap is now defined by the OPA to exclude objects requiring dismantling, such as bridges, box cars and junked automobiles. January coke pig iron production dropped to 4,970,531 tons from the record total of 5,012,276 tons in December, 1941. Output slid from 161,686 tons a day in December to 160,340 tons in January. The January operating rate was 99.3% compared with 101.2% in December. There were 217 blast furnaces operating on Feb. 1, producing at the rate of 159,270 tons a day, compared with 216 in blast on Jan. 1 with a production rate of 162,140 tons.

Structural steel awards for the week are estimated at 25,000 tons with new projects totaling 25,500 tons while reinforcing steel awards amounted to 9,450 tons with new projects at 19,410 tons.

Pointing up the predicament of non-integrated steel mills unable to obtain supplies is the announcement at Cleveland by Davey Steel Co. directors that sale of the company has been recommended to its stockholders. "With the finishing departments of the integrated steel companies working well below capacity, they are reluctant to ship steel out of their own plants to another finishing mill," H. L. Berno, President said in explaining the company's decision.

THE "IRON AGE" COMPOSITE PRICES

Finished Steel

Feb. 10, 1942, 2.30467c. a Lb.

One week ago ---------- 2.30467c

One month ago ---------- 2.30467c.

One year ago ---------- 2.30467c.

A weighted index based on steel bars, beams, tank plates, wire, rails, black pipe, hot and cold-rolled sheets and strip. These products represent 78% of the United States output.

	High		Low	
1941	2.30467c.	Sep 2	2.30467c.	Sep 2
1940	2.30467c.	Jan 2	2.24107c.	Apr 16
1939	2.35367c.	Jan 3	2.26689c.	May 16
1938	2.58414c.	Jan 4	2.27207c.	Oct 18
1937	2.58414c.	Mar 9	2.32263c.	Jan 4
1936	2.32263c.	Dec 28	2.05200c.	Mar 10
1935	2.07642c.	Oct 1	2.06492c.	Jan 8
1934	2.15367c.	Apr 24	1.95757c.	Jan 2
1933	1.95578c.	Oct 3	1.75836c.	May 2
1932	1.89196c.	Jly 5	1.83901c.	Mar 1
1931	1.99629c.	Jan 13	1.86586c.	Dec 29
1930	2.25488c.	Jan 7	1.97319c.	Dec 9
1929	2.31773c.	May 28	2.26498c.	Oct 29

Pig Iron

Feb. 10, 1942, $23.61 a Gross Ton

One week ago ---------- $23.61

One month ago ---------- 23.61

One year ago ---------- 23.45

Based on averages for basic iron at Valley furnaces and foundry iron at Chicago, Philadelphia, Buffalo, Valley and Southern iron at Cincinnati

	High		Low	
1941	$23.61	Mar 20	$23.45	Jan 2
1940	23.45	Dec 23	22.61	Jan 2
1939	$22.61	Sep 19	$20.61	Sep 1
1938	23.25	Jun 21	19.61	Jly
1937	23.25	Mar 9	20.25	Feb 1
1936	19.74	Nov 24	18.73	Aug 11
1935	18.84	Nov 5	17.83	May 1
1934	17.90	May 1	16.90	Jan 2
1933	16.90	Dec 5	13.56	Jan
1932	14.81	Jan 5	13.56	Dec
1931	15.90	Jan 6	14.79	Dec 1
1930	18.21	Jan 7	15.90	Dec 1
1929	18.71	May 14	18.21	Dec 1

Steel Scrap

Feb. 10, 1942, $19.17 a Gross Ton

One week ago ---------- $19.1

One month ago ---------- [illegible]

One year ago ---------- 20.00

Based on No. 1 heavy melting steel scrap quotations to consumers at Pittsburgh, Philadelphia, and Chicago.

	High		Low	
1941	$22.00	Jan 7	$19.17	Apr 1
1940	21.83	Dec 30	16.04	Apr
1939	22.50	Oct 3	14.08	May 1
1938	15.00	Nov 22	11.00	Jun
1937	21.92	Mar 30	12.92	Nov 1
1936	17.75	Dec 21	12.67	Jun 9
1935	13.42	Dec 10	10.33	Apr 29
1934	13.00	Mar 13	9.50	Sep 25
1933	12.25	Aug 8	6.75	Jan 3
1932	8.50	Jan 12	6.43	Jly 5
1931	11.33	Jan 6	8.50	Dec 29
1930	15.00	Feb 18	11.25	Dec 9
1929	17.58	Jan 29	14.08	Dec

The American Iron and Steel Institute on Feb. 9 announced that telegraphic reports which it had received indicated that the operating rate of steel companies having 91% of the steel capacity of the industry will be 98.2% of capacity for the week beginning Feb. 9, compared with 97.7% one week ago, 97.8% one month ago and 97.1% one year ago. This represents an increase of 0.5 point or 0.5% from the preceding week. The operating rate for the week beginning Feb. 9 is equivalent to 1,622,400 tons of steel ingots and castings, compared to 1,614,200 tons one week ago, 1,615,800 tons one month ago, and 1,567,100 tons one year ago. Weekly indicated rates of steel operations since Feb. 3, 1941, follow:

1941—		May 12	99.2%	Aug 25	96.5%	Dec 8	97.5%
Feb 3	96.9%	May 19	99.9%	Sep 2	96.3%	Dec 15	97.9%
Feb 10	97.1%	May 26	98.6%	Sep 8	96.9%	Dec 22	93.4%
Feb 17	94.6%	Jun 2	99.2%	Sep 15	96.1%	Dec 29	96.1%
Feb 24	96.3%	Jun 9	98.6%	Sep 22	96.8%		
Mar 3	97.5%	Jun 16	99.0%	Sep 29	96.9%	1942—	
Mar 10	98.8%	Jun 23	99.9%	Oct 6	98.1%	Jan 5	96.4%
Mar 17	99.4%	Jun 30	91.8%	Oct 13	98.4%	Jan 12	97.8%
Mar 24	99.8%	Jly 7	94.9%	Oct 20	97.8%	Jan 19	97.7%
Mar 31	99.2%	Jly 14	95.2%	Oct 27	99.9%	Jan 26	97.3%
Apr 7	99.3%	Jly 21	96.0%	Nov 3	98.2%	Feb 2	97.7%
Apr 14	98.3%	Jly 28	97.6%	Nov 10	96.6%	Feb. 9	98.2%
Apr 21	96.0%	Aug 4	96.3%	Nov 17	97.0%		
Apr 28	94.3%	Aug 11	95.6%	Nov 24	95.9%		
May 5	96.8%	Aug 18	96.2%	Dec 1	97.6%		

"Steel" of Cleveland, in its summary of the iron and steel markets on Feb. 9, stated:

Despite greatly increased consuming capacity for war purposes, supply of steel and iron is more nearly meeting requirements and delays are being reduced steadily.

Some tight spots remain, partly from insufficient supply of semifinished steel, partly from restrictions imposed by the scrap situation. Full co-operation by steelmakers with the War Production Board is eliminating difficulties formerly met and distribution is much smoother. War production is being broadened and subcontracting is on the increase.

A formal revision of the iron and steel products price schedule has been issued by OPA requiring mills to continue to absorb the same freight within their areas as over the past two years and tightening definitions of extras in the price schedule. Contracts entered into before April 16, 1941, when the schedule was issued, if not in conformity with the schedule, may be completed on contract terms only with respect to shipments made before Mar. 15, 1942.

Various announcements by Office of Price Administration have made little essential change in the price situation, only details being involved for most part. In the scrap schedule a premium of $5 per ton is allowed for cast iron borings for chemical use in explosives manufacture over the price of plain borings. Other changes relate to computation of shipping point prices in New England, a schedule of allowances where vessel movement is involved, closer definition of some grades of scrap, better provision for unprepared scrap originating where preparation facilities are not available and allowances for truck delivery.

Steel movement to Central and South American countries is increasing as a result of the recent OPA order allowing export merchants and export agents to charge above the domestic ceiling. In the case of export merchants a 10% increase is allowed and so-called export agents are allowed 5%. Under the previous order export prices were at the domestic ceiling. The allowance is to apply only to the actual exporter and not to intermediaries.

A slightly easier situation is developing in steelmaking scrap, supply at several centers being increased last week by shipments from remote sources. In other areas some result is felt from the campaign to reclaim tonnage from automobile wrecking yards. Full effect of effort to release material from this source is not yet felt but large shipments are expected to develop in a short time. Meanwhile, open hearths in condition to operate remain idle from lack of scrap and numerous steelmakers are maintaining output on small margin.

Steelworks production last week declined 1 point to 96% in spite of better scrap supply in several centers. Cincinnati gained 3 points to 87%, New England 7 points to 92 and Youngstown 1 point to 88%. Cleveland declined 10 points to 84½%, Detroit 2 points to 85 and Wheeling 11 points to 84%. Rates were unchanged at Chicago, 103; Buffalo, 79½; Pittsburgh, 95; Birmingham, 90; St. Louis, 78; Eastern Pennsylvania, 90.

Coke pig iron production in January, 4,958,785 net tons, was 56,210 tons less than 5,014,995 tons made in December, a decline of 1.12%. The January figure was 6.03% above January, 1941, and 23.21% over January, 1940. At the end of January, 219 stacks were active, one more than Dec. 31, the largest number in blast since September, 1941, when 219 were in service.

Use of bonderized black plate for can ends in place of tin plate bids fair to become general as tin plate makers install equipment for production of this material. Inland Steel Co. is adding equipment for this purpose and other producers are preparing to do so. Tin plate manufacturers have been ordered to reduce use of tin to 1.25 pounds of pig tin per base box of tin plate. Use of tin plate and terne plate is to be restricted by a quota system to be announced later by WPB. Long ternes are not to be used for roofing except on a priority of A-10 or higher.

Automobile production last week totaled 37,125 units, compared with 73,305 the preceding week. Passenger car assembly has ceased under government order and present output is trucks, mainly heavy types, light truck production ceasing Feb. 10.

Composite prices have not been affected by recent actions of the OPA and remain at former levels. Finished steel composite is $56.73; semifinished steel at $36.00; steelmaking pig iron at $23.05; steelmaking scrap at $19.17.

American AEF At Front Throughout The World

Commenting on the arrival of United States troops in Northern Ireland. President Roosevelt said on Jan. 27 that this was only one of six, eight or ten American expeditionary forces operating in various parts of the world. (The War Department had disclosed on Jan. 26 the arrival of American forces in Northern Ireland, which is part of the United Kingdom, but withheld details of the movement from the United States on the strength of such units.) The President said that the objective in sending troops to Ireland was for carrying out the war for eventual victory. Mr. Roosevelt also expressed surprise that Prime Minister Eamon de Valera of Eire (Irish Free State) had protested the landing of American troops in Northern Ireland, which is under British control. Mr. de Valera based his objection on the ground that he was not consulted in advance by either the American or British Governments. He also referred to the partition of Ireland 20 years ago when the six counties were cut off from the rest of the country by a British Act of Parliament, "despite the expressed will of the Irish people."

Electrical Supplies

The SEC has made public the tenth of a new series of industry reports of the Survey of American Listed Corporations. These reports cover the calendar years of 1939 and 1940 and extend earlier reports which generally covered the period 1934-1939. Balance sheets and profit and loss statements, expressed both in dollars and percentages, as well as surplus statements and financial ratios are presented for individual companies and for the industry group as a whole in uniform tabular form which permits easy reference and comparison. The Commission's announcement states:

> Report No. 10 covers corporations engaged primarily in the manufacture of electrical supplies and equipment (other than household appliances) which had securities registered under the Securities Exchange Act of 1934 at Dec. 31, 1940.
>
> The 31 companies included in this group are:
>
> Cable Electric Products, Inc.
> Century Electric Co.
> The Clark Controller Co.
> Connecticut Telephone & Electric Corp.
> Curtis Lighting, Inc.
> Cutler-Hammer, Inc.
> Duro-Test Corp.
> The Electric Controller & Manufacturing Co.
> The Leland Electric Co.
> The Master Electric Co.
> The Nestle-Lemur Co.
> Noma Electric Corp.
> The Ohio Brass Co.
> Penn Electric Switch Co.
> Electrical Products Corp.
> The Emerson Electric Manufacturing Co.
> The Gamewell Co.
> General Electric Co.
> The A. C. Gilbert Co.
> Harvey Hubbell, Inc.
> The Kelley-Koett Manufacturing Co., Inc.
> Kellogg Switchboard and Supply Co.
> Sangamo Electric Co.
> Sonotone Corp.
> Square D Co.
> Wagner Electric Corp.
> Westinghouse Electric & Manufacturing Co.
> Philadelphia Insulated Wire Co.
> The Potter Co.
> The Reliance Electric and Engineering Co.
> Weston Electrical Instrument Co.
>
> The combined sales reported by the group were $886,000,000 in 1940 compared with $667,000,000 in 1939. Net profits after all charges totaled $87,000,000 in 1940 compared with $63,000,000 in 1939, equivalent to 9.8% and 9.4% of sales, respectively. Total dividends paid out by these enterprises were $74,000,000 in 1940 compared with $54,000,000 in 1939. The combined assets for these 31 enterprices totaled $831,000,000 at the end of 1940 compared with $739,000,000 at the end of 1939, while surplus increased from $212,000,000 at the end of 1939 to $226,000,000 at the end of 1940.

Vaniman On WPB Automotive Branch

Appointment of R. Lawrence Vaniman as Deputy Chief of the Automotive Branch of the War Production Board was announced on Jan. 29 by Ernest Kanzler, Branch Chief. Mr. Vaniman is on leave from the Chrysler Corp., where he is Executive Manager of the African Division.

Mr. Vaniman will maintain liaison between War Production Board offices in Washington and the Detroit headquarters of the Automotive Branch. Mr. Kanzler has opened offices in that city in order to maintain close touch with activities involved in the conversion of the automotive industry to war work.

Weekly Coal and Coke Production Statistics

The Bituminous Coal Division, U. S. Department of the Interior, in its latest coal report stated that production of soft coal showed little change in the week ended Jan. 31. The total output is estimated at 11,170,000 net tons, as a against 11,260,000 tons in the preceding week. Production in the corresponding week of 1941 amounted to 10,104,000 tons.

The U. S. Bureau of Mines reported that production of Pennsylvania anthracite for the week ended Jan. 31 was estimated at 1,096,000 tons, a decrease of 169,000 tons (about 13%) from the preceding week. When compared with the output in the corresponding week of 1941, there was a decrease of 7.9%.

ESTIMATED UNITED STATES PRODUCTION OF SOFT COAL, IN THOUSANDS OF NET TONS WITH COMPARABLE DATA ON PRODUCTION OF CRUDE PETROLEUM

	Week Ended			Jan. 1 to date		
	Jan. 31, 1942	Jan. 24, c1942	Feb. 1, 1941	Jan. 31, 1942	Feb. 1, 1941	Jan. 30, 1937
Bituminous coal a						
Total, including mine fuel	11,170	11,260	10,104	48,540	44,880	41,438
Daily average	1,862	1,877	1,684	1,867	1,662	1,658
Crude petroleum b						
Coal equivalent of weekly output	6,201	6,906	5,751	29,555	26,286	22,011

a Includes for purposes of historical comparison and statistical convenience the production of lignite. b Total barrels produced during the week converted into equivalent coal assuming 6,000,000 B.t.u. per barrel of oil and 13,100 B.t.u. per pound of coal. Note that most of the supply of petroleum products is not directly competitive with coal. (Minerals Yearbook, 1939, page 702). c Revised.

ESTIMATED PRODUCTIOON OF PENNSYLVANIA ANTHRACITE AND BEEHIVE COKE (IN NET TONS)

	Week Ended			Calendar year to date		
	Jan. 31, 1942	Jan. 24, 1942	Feb. 1, 1941	Jan. 31, 1942	Feb. 1, 1941	Feb. 2, 1929
Penn. anthracite—						
Total, including colliery fuel a	1,096,000	1,265,000	1,190,000	4,532,000	5,051,000	7,586,000
Comm'l production b	1,041,000	1,202,000	1,131,000	4,305,000	4,798,000	7,040,000
Beehive coke—						
United States total	155,500	145,800	137,700	647,200	537,000	552,600
Daily average	22,214	20,829	19,671	20,877	16,781	16,745

a Includes washery and dredge coal, and coal shipped by truck from authorized operations. b Excludes colliery fuel.

ESTIMATED WEEKLY PRODUCTION OF COAL, BY STATES
(In Thousands of Net Tons)

(The current weekly estimates are based on railroad carloadings and river shipments and are subject to revision on receipt of monthly tonnage reports from district and State sources or of final annual returns from the operators.)

	Week Ended					Jan.
State—	Jan. 24, 1942	Jan. 17, 1942	Jan. 25, 1941	Jan. 27, 1940	Jan. 23, 1937	average e1923
Alaska	3	3	4	2	2	(f)
Alabama	380	373	323	258	284	434
Arkansas and Oklahoma	92	108	103	127	107	93
Colorado	195	212	176	238	216	226
Georgia and North Carolina	1	1	1	1	1	(f)
Illinois	1,466	1,518	1,212	1,440	1,352	2,111
Indiana	565	570	481	479	348	659
Iowa	90	71	68	82	121	140
Kansas and Missouri	209	220	173	212	213	190
Kentucky—Eastern	806	887	805	888	726	607
Western	276	270	216	335	166	240
Maryland	39	37	37	35	39	55
Michigan	6	5	13	15	18	32
Montana	88	100	71	67	80	82
New Mexico	34	32	25	28	41	73
North and South Dakota	44	64	70	73	68	f50
Ohio	678	632	483	479	510	814
Pennsylvania bituminous	2,644	2,460	2,433	2,213	2,085	3,402
Tennessee	141	166	137	133	104	133
Texas	10	9	7	17	16	26
Utah	124	125	96	112	111	109
Virginia	392	380	331	335	291	211
Washington	33	40	38	39	56	74
West Virginia—aSouthern	1,964	2,037	1,845	1,945	1,828	1,134
bNorthern	825	830	667	644	619	762
Wyoming	153	175	115	165	168	186
cOther Western States	2	*	1	1	*	f7
Total bituminous coal	11,260	11,325	9,931	10,363	9,570	11,850
d Pennsylvania anthracite	1,265	1,232	1,257	1,425	907	1,968
Total, all coal	12,525	12,557	11,188	11,788	10,477	13,818

a Includes operations on the N. & W.; C. & O.; Virginian; K. & M.; B. C. & G.; and on the B. & O. in Kanawha, Mason, and Clay Counties. *b* Rest of State, including the Panhandle District and Grant, Mineral, and Tucker Counties. *c* Includes Arizona, California, Idaho, Nevada, and Oregon. *d* Data for Pennsylvania anthracite from published records of the Bureau of Mines. *e* Average weekly rate for entire month. *f* Alaska, Georgia, North Carolina, and Soutn Dakota included with "other Western States."
* Less than 1,000 tons.

Net Of Class I Roads Passed Half Billion Dollar Mark In 1941, First Time Since 1930

The Class I railroads of the United States in 1941 had an estimated net income, after interest and rentals, of $500,545,671, according to reports filed by the carriers with Bureau of Railway Economics of the Association of American Railroads and made public on Feb. 5. This was the first time since 1930 that their income exceeded the half-billion-dollar mark. In that year the net was $523,907,472. Net income, after interest and rentals, was $191,050,215 in 1940. The Bureau's statement added:

Operating revenues of the Class I carriers in 1941 totaled $5,346,699,998, compared with $4,298,001,598 in 1940, and $5,280,234,535 in 1930, an increase of 24.4% in 1941 above 1940, and 1.3% above 1930. Operating expenses in 1941 amounted to $3,664,175,018, compared with $3,090,173,137 in 1940, and $3,931,043,991 in 1930. Operating expenses in 1941 were 18.6% above 1940, but 6.8% below 1930.

Net railway operating income, before interest and rentals, in 1941 amounted to $999,502,930, or a return of 3.79% on property investment, compared with $682,543,218, or 2.61% in 1940, and $868,719,483, or 3.36% in 1930.

Property investment is the value of road and equipment as shown by the books of the railways including materials, supplies, and cash. The earnings reported above as net railway operating income, represent the amount left after the payment of operating expenses and taxes, but before interest, rentals, and other fixed charges are paid.

This compilation as to earnings for 1941 was based on reports from all Class I railroads, representing a total of 232,192 miles.

Class I railroads in 1941 paid $546,071,034 in taxes, the greatest amount in any year on record. Their tax bill in 1940 was $396,623,016 and in 1930 it was $348,536,962. For the month of December alone, their taxes amounted to $33,606,345, an increase of $6,797,495, or 25.4% above December, 1940.

Twenty-eight Class I railroads failed to earn interest and rentals in 1941, of which seven were in the Eastern District, four in the Southern District, and 17 in the Western District.

Electric Output For Week Ended Feb. 7, 1942, Shows 16.2% Gain Over Same Week In 1941

The Edison Electric Institute, in its current weekly report, estimated that the production of electricity by the electric light and power industry of the United States for the week ended Feb. 7, 1942, was 3,474,638,000 kwh., which compares with 2,989,392,000 kwh. in the corresponding period in 1941, a gain of 16.2%. The output for the week ended Jan. 31, 1942, was estimated to be 3,468,193,000 kwh., an increase of 15.8% over the corresponding week in 1941.

PERCENTAGE INCREASE OVER PREVIOUS YEAR

	Week Ended			
Major Geographic Divisions—	Feb. 7, '42	Jan. 31, '42	Jan. 24, '42	Jan. 17, '42
New England	17.6	18.1	16.0	16.4
Middle Atlantic	14.7	12.7	11.6	11.0
Central Industrial	14.4	13.7	13.2	12.9
West Central	13.9	12.0	12.5	14.3
Southern States	15.2	17.5	16.9	15.4
Rocky Mountain	19.9	17.9	18.2	15.8
Pacific Coast	25.0	24.8	21.0	23.0
Total United States	16.2	15.8	14.8	14.5

DATA FOR RECENT WEEKS (Thousands of Kilowatt-Hours)

Week Ended—	*1941	1940	% Change 1941 over 1940	1939	1938	1937
Aug. 2	3,263,082	2,762,240	+18.1	2,399,805	2,193,750	2,341,103
Aug. 9	3,233,242	2,743,284	+17.9	2,413,600	2,198,266	2,360,960
Aug. 16	3,238,160	2,745,697	+17.9	2,453,556	2,206,560	2,365,859
Aug. 23	3,230,750	2,714,193	+19.0	2,434,101	2,202,454	2,351,233
Aug. 30	3,261,149	2,736,224	+19.2	2,442,021	2,216,648	2,380,301
Sept. 6	3,132,954	2,591,957	+20.9	2,375,852	2,109,985	2,211,398
Sept. 13	3,322,346	2,773,177	+19.8	2,532,014	2,279,233	2,338,370
Sept. 20	3,273,375	2,769,346	+18.2	2,538,118	2,211,059	2,231,277
Sept. 27	3,273,376	2,816,358	+16.2	2,558,538	2,207,942	2,331,415
Oct. 4	3,330,582	2,792,067	+19.3	2,554,290	2,228,586	2,339,384
Oct. 11	3,355,440	2,817,465	+19.1	2,583,366	2,251,089	2,324,750
Oct. 18	3,313,596	2,837,730	+16.8	2,576,331	2,281,328	2,327,212
Oct. 25	3,340,768	2,866,827	+16.5	2,622,267	2,283,831	2,297,785
Nov. 1	3,380,488	2,882,137	+17.3	2,608,664	2,270,534	2,245,449
Nov. 8	3,368,690	2,858,054	+17.9	2,588,618	2,276,904	2,214,337
Nov. 15	3,347,893	2,889,937	+15.8	2,587,113	2,325,273	2,263,679
Nov. 22	3,247,938	2,839,421	+14.4	2,560,962	2,247,712	2,104,579
Nov. 29	3,339,364	2,931,877	+13.9	2,605,274	2,334,690	2,179,411
Dec. 6	3,414,844	2,975,704	+14.8	2,654,395	2,376,541	2,234,135
Dec. 13	3,475,919	3,003,543	+15.7	2,694,194	2,390,388	2,241,972
Dec. 20	3,495,140	3,052,419	+14.5	2,712,211	2,424,935	2,053,944
Dec. 27	3,234,128	2,757,259	+17.3	2,464,795	2,174,816	2,033,319

Week Ended	1942	1941	% Change 1942 over 1941	1940	1939	1938
Jan. 3	*3,288,685	2,845,727	+15.6	2,558,180	1,619,265	1,542,000
Jan. 10	*3,472,579	3,002,454	+15.7	2,688,380	1,602,482	1,733,810
Jan. 17	3,450,468	3,012,638	+14.5	2,673,823	1,598,201	1,736,729
Jan. 24	3,440,163	2,996,155	+14.8	2,660,962	1,588,967	1,717,315
Jan. 31	3,468,193	2,994,047	+15.8	2,632,555	1,588,853	1,728,203
Feb. 7	3,474,638	2,989,392	+16.2	2,616,111	1,578,817	1,726,161

*Revised.

DATA FOR RECENT MONTHS (Thousands of Kilowatt-Hours)

	1941	1940	% Change 1941 over 1940	1939	1938	1937
January	13,149,116	11,683,430	+12.5	10,183,400	9,290,754	9,787,901
February	11,831,119	10,589,428	+11.7	9,256,313	8,396,231	8,911,125
March	12,882,642	10,974,335	+17.4	10,121,459	9,110,808	9,886,443
April	12,449,229	10,705,682	+16.3	9,525,317	8,607,031	9,573,698
May	13,218,633	11,118,543	+18.9	9,868,962	8,750,840	9,665,137
June	13,231,219	11,026,943	+20.0	10,068,845	8,832,736	9,773,908
July	13,836,992	11,616,238	+19.1	10,185,255	9,170,375	10,036,410
August	14,118,619	11,924,381	+18.4	10,785,902	9,801,770	10,308,884
September	13,901,644	11,484,529	+21.0	10,653,197	9,486,866	9,908,314
October	14,756,951	12,474,727	+18.3	11,289,617	9,844,519	10,065,805
November	13,974,232	12,213,543	+14.4	11,087,866	9,893,195	9,506,495
December	---------	12,842,218	---	11,476,294	10,372,602	9,717,471
Total for year		138,653,997		124,502,309	111,557,727	117,141,591

Petroleum And Its Products

The shadow of rationing of gasoline fell over civilian motorists in the Atlantic Coast area this week as the Office of Petroleum Coordination notified all major oil companies that the shortage of fuel oil on the East Coast made it imperative that they immediately convert all possible transportation facilities for gasoline and like products to the movement of fuel oil, needed by the Army, Navy and defense industry centers in the East.

The submarine threat which has made coast-wise shipping off the East Coast hazardous with the sinking of more than a dozen vessels, including several tankers in the past few weeks, plus the conversion of an unknown number of tankers to military use has brought about an artificial shortage of fuel oil in the East, and to a lesser degree, on the West Coast also. Late in January, Petroleum Coordinator Ickes said he was considering reviving the plans for the Texas-East Coast pipeline dropped last year because of the steel shortage.

In the wire sent to fifteen oil companies, Assistant Petroleum Coordinator Davies, calling attention to the declining inventories of fuel oil in the East, said that the PCO considered it "imperative" that the companies immediately convert all tankers and other transportation facilities scheduled to move gasoline to the East Coast possible to the movement of fuel oil. He called upon each company "to act accordingly as to all movements under your control and at once."

The industry adopted two actions designed to meet the situation as outlined by Mr. Davies. The industry's marketing committee launched a detailed survey of the individual oil position of each supplier in the East Coast, with reference to present inventories and market requirements for the balance of the heating season, apparently as a basis for allocating future sales, if such action becomes necessary. Also, it was indicated that the tanker committee will act promptly to re-allocate available tonnage among East Coast suppliers as an aid to those companies which have been hardest hit by the tanker losses through submarine attack.

Although diversion of transportation facilities to movement of fuel oils vital to industry and military needs of necessity would sharply curtail available supplies of gasoline, no Government official would comment as to whether or not the latest PCO ruling was a forerunner of rationing of motor fuel for the general public. However, it is generally held in Washington that not only gasoline but other petroleum products will be rationed to the motoring public within the near future. It is difficult to see how such action can be avoided in view of the tightness in transport facilities.

Simultaneously with the conversion order came the details of a nationwide program to encourage civilian conservation of petroleum products outlined in a report made public by the Petroleum Industry War Council, until now known as the Petroleum Industry Council for National Defense. The program, approved by the Committee at its regular monthly meeting in the conference room of the PCO, was highly praised by Petroleum Coordinator Harold Ickes. A special committee of the council, headed by W. Alton Jones of New York City as chairman, prepared the outline of the national program.

The committee urged a voluntary program by individual oil companies as preferable to a concerted campaign through a common contributory fund. It will be administered by the council's marketing committee, which plans to distribute to all oil companies in the nation a brochure containing suggestions for participating in the product conservation program through newspaper and magazine advertisements, radio announcements, window cards, windshield stickers, station signs and all other appropriate media. Part of the program will be to help the motoring public to know the steps that are possible to use oil products conservatively and to "care for your car and your country."

A six-point program urging crude oil prices high enough to stimulate exploratory work in the field was returned by the subcommittee of the Petroleum Industry War Council in its report to Petroleum Coordinator Ickes this week. The report stated that adequate prices of crude oil, which give consideration to overall costs, are essential to explorative incentive and to extend the economic life of small wells.

While total crude oil reserves of the United States are estimated at the highest point yet recorded in the industry's history, the report said, it warned that the declining rate of discovery of new oil over the past few years, if continued, will make it increasingly difficult to retain them at levels necessary to supply without waste of reservoir energy large withdrawals required therefrom by the war effort. "The estimated crude oil reserves as of Jan. 1, 1941, namely 19,024,515,000 barrels," the report said, "can only be recovered if production rates are restricted to make the maximum use of the natural reservoir energy in the fields constituting this reserve."

The six points listed in the report approved by the council were:

(a) That additions to the nation's known oil reserves have shown a declining trend for the past three or four years.

(b) That new reserves are needed to meet indicated consumptive demand without waste.

(c) That there is an indicated trend of increased abandonment of small wells.

(d) That an increased number of wells must be drilled in order to discover the same amount of oil as formerly.

(e) That premiums granted discovery wells in the form of increased allowables are an incentive to exploration.

(f) That retention of present statutory percentage depletion allowance is essential to the above objectives.

The report disclosed that even if unrestricted production were permitted, present reserves cannot be made to yield all their production over the period of years indicated by the ratio of current withdrawals to total reserves. If prudent practices are followed, it continued, withdrawals from presently known reserves will follow a pattern of gradual decline toward marginal well productivity and continue at that rate over a period of years. "The declining rate of additions to total reserves is rapidly approaching the amount currently being withdrawn as production," the report said, "and unless this downward trend is reversed, the total of new discoveries and revisions and additions to old fields can be expected to fall below annual crude oil requirements."

With Texas again providing most of the change, daily average crude oil production for the United States showed a jump of 463,095 barrels during the initial week of February, rising to a new peak of 4,331,395 barrels, "The Oil & Gas Journal" reported on Feb. 10. The former high of 4,329,365 barrels was set last November. Texas, with only one shutdown day, snapped back to show a spurt of 461,400 barrels in daily average crude production. California was the only other major oil producing State to report a higher flow. Stocks of domestic and foreign crude oil in the nation on Jan. 31 were 2,576,000 barrels above the previous week at 250,470,000 barrels, the Department of the Interior reported this week. Domestic crude holdings were up 2,661,000 barrels, with foreign crude holdings dipping 85,000 barrels.

Prices for domestic sales of petroleum products in contracts signed prior to Nov. 10, last, and for export sales of these products covered in contracts signed prior to Jan. 20, last, may be retained until March 1, 1942, under Amendment No. 2 to Price Schedule 88 for petroleum and petroleum products, Leon Henderson, Price Administrator, announced in Washington on Feb. 8. The amendment was issued following a conference between Mr. Henderson and representatives of the Petroleum Industry War Council.

There were no price changes issued this week.

Prices of Typical Crude per Barrel At Wells

(All gravities where A. P. I. degrees are not shown)

Bradford, Pa.	$2.75
Corning, Pa.	1.31
Eastern Illinois	1.22
Illinois Basin	1.37
Mid-Contin't, Okla., 40 and above	1.25
Smackover, Heavy	0.83
Rodessa, Ark., 40 and above	1.20
East Texas, Texas, 40 and above	1.25
Kettleman Hills, 37.9 and over	1.29
Pecos County, Texas	0.95
Lance Creek, Wyo.	1.12
Signal Hill, 30.9 and over	1.23

Easing off in gasoline prices in the Gulf Coast and midcontinent bulk markets is developing, due in part to fear among some refiners that the tire and automobile rationing will mean curtailed demand for motor fuel. On the East Coast, prices in both the bulk and retail markets are firm with demand holding up well.

As outlined above, it is inventories of fuel oils, so vital to defense plants and Army and Navy needs on the East Coast, that is the chief concern of the Office of Petroleum Coordinator which this week acted to bolster movements of fuel oil from the Gulf Coast, where stocks are accumulating, to the East Coast where they have diminished steadily under the twin influence of heavy demand and submarine-curtailed deliveries.

While East Coast stocks of No. 2 fuel oil are reported too close to the levels existing a year ago in the face of the current record-breaking pace of consumption, it is generally felt that the quick action of the PCO will relieve the situation. With only about two more months to go before the normal seasonal slump develops in the heating oil market, it is reasonable to assume that the East Coast will be able to meet demands between now and then without letting gasoline consumers down too heavily, barring unforseen developments.

How quickly the industry is adapting itself to the war-time operating conditions facing it on the East Coast is shown in the Ickes report that it moved a record 164,700 barrels of oil daily to the East by railroad tank car during the final week of January, against total movements of only 560 barrels of crude oil during the entire month of January, 1941. The rail movement reached a total of 5,125 cars, against 4,396 cars, or 141,300 barrels daily, the previous high, set last October.

There were no major changes in the refined petroleum products' price structure posted during the week.

U. S. Gasoline (Above 65 Octane), Tank Car Lots, F. O. B. Refinery

New York—	
Secony-Vac	$.088
Tide Water Oil	.088
Texas	.088
*Shell Eastern	.088
Other Cities—	
Chicago	.06-.06⅜
Gulf Coast	.06-.06
Oklahoma	.06-.06⅜

*Super.

Kerosene, 41-43 Water White, Tank Car, F. O. B. Refinery

New York (Bayonne)	$.053
Baltimore	.054
Philadelphia	.054
North Texas	.04
New Orleans	4.25-4.625
Tulsa	.04⅜-.04¾

Fuel Oil, F. O. B. Refinery or Terminal

N. Y. (Harbor) Bunker C	$1.35
Diesel	2.15
Savannah, Bunker C	1.30
Philadelphia, Bunker C	1.35
Gulf Coast	.85
Halifax	1.70

Gas, Oil, F. O. B. Refinery or Terminal

N. Y. (Bayonne) 7 plus	$.04
Chicago, 28.30 D	.053
Tulsa	.03⅝

CCC Cotton Sales Program

The Department of Agriculture has announced the basis on which Commodity Credit Corporation will continue the general cotton sales program announced on Jan. 5. Bids for the purchase of cotton will be invited from time to time and will be considered on specified dates, said the Department, which indicated that the first date for consideration of bids will be Feb. 16. The Regional Office of Commodity Credit Corporation at New Orleans, La., will notify persons who have requested such information, the dates for consideration of additional bids, according to the Department, which also had the following to say:

> Sales, within the limitation of the quantity specified in Section 381 (c) of the Agricultural Adjustment Act of 1938, as amended, will be made to the highest bidder, subject to the right of Commodity Credit Corporation to reject any bids submitted. All bids must be made on call with seller's right to fix price. Sales during February will be based on New York May future contracts. Prices will be fixed prior to the delivery of the cotton to the buyer. All bids must be submitted on the form specified by Commodity Credit Corporation.
>
> The sale of cotton under this program, the sales for export program, and the sales for new uses program will be limited to 300,000 bales in any calendar month and 1,500,000 bales for the calendar year 1942. Sales by Commodity Credit Corporation during January, 1942, exclusive of cotton sold under the Lend-Lease Act, totaled 298,934 bales.
>
> Those interested in the purchase of this cotton should request the Regional Office of Commodity Credit Corporation, New Orleans, La., to furnish them with the specified bid form and detailed information concerning the terms and conditions of the sale.

Corn Loans, Repayments

The Department of Agriculture reports that Commodity Credit Corporation had made 57,259 loans for $43,514,319 on 59,588,957 bushels of 1941 crop corn through Jan. 24, 1942. Loans made to date have averaged 73 cents per bushel.

The Agriculture Department also reported on Feb. 3 that 100,599 loans made by the CCC, representing 106,212,375 bushels of 1940 corn and 1938-39 resealed corn, were repaid from Jan. 1, 1941, through Jan. 24, 1942.

Repayments were made on 63,604,188 bushels pledged under loan in 1938-39 and resealed under farm storage, and on 42,608,187 bushels of 1940 corn. There remained outstanding a total of 161,971 loans on 187,173,816 bushels.

Prices Fixed For New Cars

Price Administrator Leon Henderson announced on Feb. 2 maximum wholesale and retail prices for new passenger cars which may be sold to eligible purchasers under the automobile rationing program planned to begin about Feb. 26. The schedule, effective Feb. 2, establishes retail ceiling prices by using the factory list price as a base and specifies the various charges which the dealer may add. Wholesale prices cannot exceed the highest prices charged for the same make and model during the period Oct. 1 to Oct. 15, 1941.

In determining the maximum retail price for new cars, the order provides that the dealer takes the manufacturers' list price and adds: (1) the Federal excise tax; (2) the actual railway freight charge; (3) 5% of the list price plus the transportation allowance, or $75, whichever is lower; and (4) of 1% of the list price, or $15, whichever is lower, for each month that elapses before the car is sold. The 5% or $75 charge is to cover the cost of handling and delivery and all other services customarily performed by dealers.

In a statement accompany the price schedules, Mr. Henderson said that "the need to set maximum prices for new passenger cars under present circumstances is obvious." He added:

> Production of new cars is being discontinued to permit complete conversion of automobile plants over to the large-scale production of war material. Those new cars remaining in dealers' and distributors' hands as of Jan. 1, when the Government froze automobile sales, together with the cars produced by the industry in January, number in excess of 500,000.
>
> Roughly 25% of this amount is being stockpiled for sale in 1943 and after. An undetermined number will be released beginning Feb. 12 to persons who had purchased, but had not obtained delivery, of cars on Jan. 1. The remainder will be sold during the current year to eligible civilian buyers against certificates issued by local rationing boards, and to categories of buyers such as the Army and Navy, who are not obliged to obtain purchase certificates. General rationing is expected to begin in about three weeks.
>
> Under these conditions, OPA feels it essential to protect new car buyers against exhorbitant prices, and at the same time recognizes the plight of automobile dealers who will be compelled to hold cars for weeks or months. Today's schedule sets maximum prices that give dealers a reasonable profit and provides for special compensation to offset the dealers' costs of storing cars against release to eligible buyers.

February Food Stamp List

The Department of Agriculture announced on Jan. 29 the list of foods which will be available during February for the purchase with blue stamps by families taking part in the Food Stamp program. The announcement states:

> The February food list, containing the same foods as the January list, will continue to supply stamp program participants with a wide choice of nutritious foods such as pork, butter and eggs, and fresh fruits and vegetables of many varieties. Families taking part in the stamp program can obtain the "blue stamp" foods in local stores in exchange for blue stamps.
>
> The complete list of foods for the period Feb. 1 through Feb. 28, as issued by the Surplus Marketing Administration for all stamp program areas, is as follows: Butter, all cuts of pork (except that cooked or packed in metal or glass containers), fresh grapefruit, pears, apples, oranges, and fresh vegetables (including potatoes), corn meal, shell eggs, dried prunes, hominy (corn) grits, dry edible beans, wheat flour, enriched wheat flour, self-rising flour, enriched self-rising flour, and whole wheat (Graham) flour.

Heads NYC Defense Savs.

Lewis E. Pierson has been appointed by Secretary of the Treasury Morgenthau as Chairman of the Metropolitan Area of the New York Defense Savings Staff, it was announced by Colonel Richard C. Patterson, Jr., Chairman of the State organization. Mr. Pierson will take over the post formerly held by Lewis W. Douglas, who leaves the Defense Savings Staff to serve in London as an associate of W. Averill Harriman in the Government Lend-Lease effort in the British Isles.

Mr. Pierson retired in mid-January from his activities with the Irving Trust Company, of which, for over 43 years, he was successively Cashier, President, Chairman and Honorary Chairman. Mr. Pierson also served as President of the New York State Bankers' Association, the American Bankers' Association, the U. S. Chamber of Commerce and the Merchants Association of New York.

Income Data For 1939

Secretary of the Treasury Morgenthau has made public the first of a series of tabulations from "statistics of Income for 1939, Part 2, Compiled from Corporation Income and (Declared Value) Excess-profits Tax Returns and Personal Holding Company Returns," prepared under the direction of Commissioner of Internal Revenue Guy T. Helvering.

The Secretary's announcement explained:

> The returns covered by these tabulations are, in general, for the calendar year ending Dec. 31, 1939. However, a considerable number of returns for a fiscal year, other than the calendar year, ending within the period July 1939 through June 1940, are tabulated with the calendar year returns for 1939. There are also included part-year returns for which the greater part of the accounting period falls in 1939.
>
> The number of corporation income and (declared value) excess-profits tax returns for 1939 is 515,960, of which 199,479 show net income for (declared value) excess-profits tax computation of $8,826,713,029, while 270,138 show a deficit of $2,092,147,535, and 46,343 have no income data (inactive corporations). The income tax is $1,216,450,292, the (declared value) excess-profits tax $15,805,962, the total tax $1,232,256,254. The total amount of dividends paid in cash and assets other than corporation's own stock is $5,746,738,970, of which $5,562,273,122 is reported on returns with net income and $184,465,848 on returns with no net income.
>
> Of the 199,479 returns with net income for (declared value) excess-profits tax computation, 170,380 show only income tax liability, 49 show only (declared value) excess-profits tax liability, 26,122 show both income tax and (declared value) excess-profits tax liabilities and 2,928 show no tax liability.
>
> As compared with 1938, the total number of returns decreased 4,541, or 0.9%, the number of returns with net income for (declared value) excess-profits tax computation increased 29,595, or 17.4%, the number of returns with no net income decreased 31,010, or 10.3%, and the number of returns with no net income data (inactive corporations) decreased 3,126, or 6.3%. The net net income for (declared value) excess-profits tax computation increased $2,300,733,772, or 35.3%, and the deficit decreased $730,950,192, or 26.7%. The income tax increased $362,872,361, or 42.5%, the (declared value) excess-profits tax increased $9,818,326, or 164.0% and the total tax increased $372,690,687, or 43.4%.

Defense Bond Sales Up

Secretary of the Treasury Morgenthau announced on Feb. 2 that sales of Defense Savings Bonds in January exceeded $1,000,000,000, more than twice the December total. The Secretary reported that cash receipts at the Treasury from the sale of Defense Bonds in January reached a total of $1,060,547,000. This record figure for a single month compared with sales of $528,599,000 in December and was almost four times the average of the seven months preceding the United States' entrance into the war. The January sales boosted the total receipts since May 1 to $3,597,757,000. Mr. Morgenthau said that the January sales met almost half the cost of the war effort for that month. It should be noted that a large part of the January sales were done by the wealthier purchasers who bought the limit for the whole year. The legal limit on the sale of Series E bonds in one year is $5,000 and on Series F and G bonds is $50,000.

Henderson Confirmed As Price Head By Senate

The Senate on Feb. 9 confirmed President Roosevelt's nomination of Leon Henderson as administrator of the Emergency Price Control Act of 1942, which recently became law. The action was taken without debate and without a record vote. The President had submitted the nomination to the Senate on Feb. 2, following his signing of the Act as we reported in these columns Feb. 5, page 584. Mr. Henderson, who is from New Jersey, has been head of the Office of Price Administration, part of the Executive Office of the President, since its creation in April, 1941 and prior to that had headed the Price Stabilization Division of the old National Defense Advisory Commission. Under his new powers, Mr. Henderson is authorized to fix price maximums on selected commodities whenever he believes prices are excessive and threaten the war production program. He also has power to control rents in defense areas.

NYSE Borrowings

The New York Stock Exchange announced on Feb. 4 that the total of money borrowed as reported by Stock Exchange member firms as of the close of business Jan. 31 aggregated $324,558,799, a decrease of $64,042,495 as compared with the Dec. 31 total of $388,601,294. The following is the Stock Exchange's announcement:

> The total of money borrowed from banks, trust companies and other lenders in the United States, excluding borrowings from other members or national securities exchanges reported by New York Stock Exchange member firms as of the close of business Jan. 31, 1942, aggregated $324,558,799.
>
> The total of money borrowed, compiled on the same basis, as of the close of business Dec. 31, 1941, was $388,601,294.

Foreign Front

(Continued from First Page)

of the issue. The great bastion of Singapore seems destined to fall into Japanese hands.

Nothing is to be gained by minimizing the importance of that circumstance. More particularly even than the concurrent events in the Netherlands East Indies and the Philippines, it threatens the position of the White Man in the Orient. No conceivable event could cost the United Nations more in the Far Pacific than the loss of Singapore, and the course of history will veer sharply in consequence if the defeats at Singapore and elsewhere are not rapidly offset. Even the Chinese, who have been battling the Japanese stoutly for more than a decade, recently served warning that they might have to reconsider their attitude if Singapore fell and the Burma Road were closed.

Up to the end of last week the position of the Singapore defenders was not regarded as too unfavorable. The 60,000 British Empire troops who marched across the causeway from Malaya were believed ample for a protracted defense, and relief for the besieged island was held inevitable. But the Japanese were not in the least inclined to await the strengthening of the island defenses, and they plunged over Johore Strait in force, last Sunday, with the obvious expectation of a rapid and final lethal stroke.

That the British units were well aware of their difficulties was indicated in successive reports that oil had been poured on Johore Strait and set afire, to keep the enemy away. The gigantic naval base on the Strait side of the island apparently was abandoned, since the Japanese guns could prevent its use, and something of a "scorched earth" destruction doubtless was visited upon the base. The grim determination of the Empire units to hold the island at all costs was reflected in scores of dispatches.

But the Japanese crossed first to Ubin Island, at the eastern entrance to Johore Strait, and then landed in force on western points of Singapore Island, where mangrove swamps and jungle growth gave them some cover for their night operations. Australians held the sector and beat savagely against the infiltering hordes. But the vast airpower of the invaders came into play as daylight returned, and the greatest efforts of the defenders could not dislodge the invaders. Steadily and methodically the Japanese continued to penetrate the island, and it was conceded in London, yesterday, that the defense could not long be maintained.

Nor was the British position in Burma much more favorable. After long and costly attempts, the Japanese resumed their advance in Burma, over the last weekend, and managed to make a crossing of the broad Salween River, some 20 miles inland from the port of Moulmein. The enemy claimed yesterday to be pushing rapidly on toward Rangoon, which is the vital port and terminus for the Burma Road.

Only in China were the Japanese unable to claim sweeping gains, doubtless because the seasoned Chinese also are adepts at the sort of fighting required in the varied Far Eastern terrains. The Chinese Generalissimo, Chiang Kai-shek, swiftly journeyed to the British Indian capital of New Delhi, Tuesday, where he engaged in long conversations with British and Indian officials. Chinese troops were reported moving in vast numbers to the defense of Burma and India, but just what this signifies in the strange ways of the East remains to be determined.

Bataan Peninsula

Heroic though the defense of Bataan Peninsula has been, there were signs this week that exhaustion is overwhelming the ranks of Gen. Douglas MacArthur and his United States and Filipino soldiers. Enormous reinforcements were landed in the Philippines week by week by the invading Japanese, and before the vastly superior numbers of the aggresors even the intrepid MacArthur cannot hold out indefinitely without reinforcements of his own. Nor were there indications of fresh men and supplies for the beleagured men on Bataan. The Japanese sea and aerial control in the China Sea seems to preclude help for our gallant forces.

Washington admits officially, in the most recent communiques, that the numerous invading troops are bearing heavily against the weary defenders. Thrusts by the Japanese against both flanks of our forces are reported, and the favorite Japanese method of infiltration also is being attempted. Even landings behind the front have been tried by the aggressors, although without success.

Heavy artillery engagements indicate that the Japanese also have been able to emplace big guns along the shores of Manila Bay. Shelling of our island forts in that Bay is reported, and doubtless is intended to hamper any retreat to Corregidor.

Still another unfavorable aspect of the Philippines battle was made known last Friday, when publication was permitted in Washington of the news that the incorrigible rebel, Emilio Aguinaldo, was acting as a "sort of Philippine Quisling," and was endeavoring to persuade the Filipino scouts to desert General MacArthur. The developments, in short, foreshadowed an early end of the valiant defense, which far exceeded the expectations of military experts in the United States. All that General MacArthur could accomplish, in the given circumstances, was to delay the enemy, and more than two months of superb defense have attested the spirit of our forces.

East Indies

As in other regions of the Far East, the Japanese this week continued their advances in the Netherlands East Indies and the islands to the eastward which are under British and Australian dominance. Immense losses in men and ships were suffered by the invaders, according to all accounts of the United Nations, but this did not deter the men from Nippon. The drive toward the principal islands of the East Indies was continued, and some of the points captured by the invaders threaten the more direct supply lines from the United States to the defenders.

Amboina, the second naval base of the Netherlanders in the East Indies, fell to the Japanese, and Surabaya was attacked again and again from the air. Batavia, capital of Java, was raided in the manner that suggested a Japanese intent to "soften up" the city for an invasion attempt. Macassar, at the southern tip of Celebes Island, and Bandjermassin, on the southern coast of Borneo, were attacked and presumably occupied. In New Britain Island, far to the east, the Japanese extended their gains, and will be able from that point to control shipping through Torres Strait, between Australia and New Guinea.

The Netherlands High Command at Batavia, with typical and admirable Dutch honesty, admitted that Japanese raids against the main naval base at Surabaya occasioned considerable damage. They also made it evident that airfields were blasted here and there by the enemy. This fortright attitude made it clear that heavy reinforcements must be sent to the East Indies without delay, if the Japanese are to be prevented from occupying the rich chain of islands.

It is bitterly evident, of course, that the Japanese will intensify their drive against the Netherlands Indies immediately upon the fall of Singapore and Bataan Peninsula. If the great British and American bastions are taken by the enemy, vast numbers of troops will be released for the invasion attempt. The result of two months of fighting in Malaya and the Philippines hardly encourages optimism as to defense of the East Indies, if fresh Japanese forces are released for attack.

Since more than two months now have passed since the Japanese attacks, it would appear that aerial reinforcements ought to be on hand in United Nations posts in the Far East. Pursuit planes have to go by way of merchant shipping on the high seas, and they are indispensable for the sort of fighting now in progress. Some of these fast ships are reported in action, but it would seem that the number is terribly inadequate, as yet.

Another mystery of the Pacific war is posed by naval action and widely divergent reports of recent clashes. The Japanese Command claimed with great circumspection, last Saturday, that the Asiatic Fleet of the United Nations had been engaged by Japanese warships, which sank two Netherlands cruisers, while damaging a third and also an American cruiser. Knowledge of this action has been denied by the United Nations. The Dutch claimed, on the other hand, that a Japanese cruiser was sunk in the Amboina battle, and another damaged.

Atlantic Sinkings

Untoward events added sharply in recent days to shipping losses suffered by the United States in the Western Atlantic, and the torpedoings by German submarines continued in the meanwhile. The losses now include the former French luxury liner Normandie, which was partially burned at her pier in New York harbor Monday, and finally turned on her side and settled into the mud. Less spectacular, but equally significant, was the admission last Saturday that our submarine, S-26, had gone down off Panama, Jan. 24, in an unfortunate accident, with all hands lost. The submarine collided with another American naval vessel as it surfaced.

Loss of the Normandie, which presumably will be temporary, is the greatest single merchant shipping loss of the war. The 83,423 ton vessel was taken over by the United States last December, and was being converted to military uses. Fire started accidentally, according to official accounts, and spread rapidly in the superstructure, while large forces of workmen were engaged in readying the vessel for her new career. Early on Tuesday the ship turned slowly on her side and rehabilitation plainly will be a long and laborious matter.

In the Battle of the Atlantic the German U-boats continued to sink American and other ships at a rate that probably surpasses the admitted sinkings. The freighter San Gil and the tanker India Arrow were added late last week to the list of known sinkings, while week-end reports indicated that the large Swedish merchantman Amerikaland, and the U. S. tanker China Arrow also had gone down. The German radio previously had reported the Amerikaland sunk, according to an account in the New York "Times" of last Sunday, and also mentioned sinkings of the Empire Wildebeeste, the Traveler, the Tacoma Star and the Trontolite.

British authorities, who apparently are more accustomed than our own to taking the public into their confidence, admitted much concern over the sizable sinkings of ships on the Western side of the Atlantic. Sinkings of United Nations vessels were estimated by London to have exceeded in January the records of the previous six months, although they were still below the figures for January, 1940. In waters around Breat Britain the battle was said to be going well, and it was assumed that much of the German submarine strength was concentrated off the Atlantic Coast of America.

Northern Africa

Few changes occurred this week in the military situation along the battle fronts in Northern Africa, but there were obvious expectations everywhere of new developments which might widen this area of conflict to include the entire region from French West Africa to the Middle East. British spokesmen made no secret of their belief that a vast German and Italian force has been assembled to strike against all United Nations units in the Mediterranean. If such an attack develops it will, of course, lift the Northern African front into immediate prominence as one of the decisive battlefronts of the gigantic struggle.

London reports emphasize that the Axis is likely to stage a huge Spring offensive against Gibraltar and Suez, and it may be assumed that this impression has been gained on the basis of reliable information regarding troop, airplane and other concentrations of the Axis. If the British estimate of the situation is correct, the answer thus is supplied to the question of the recent disposition of the German air force, most of which was withdrawn from the Russian theater early in the winter. Sharply intensified diplomatic negotiations between Washington and the Vichy regime in unoccupied France may also find their real explanation in this prospect, since French African territory would be vital for the Axis effort.

That German and Italian mechanized units in Africa have been heavily reinforced is obvious, in the light of the remarkably swift recovery by the German General Erwin Rommel of ground lost to the British Empire units. Axis columns continued their advance, which now has been in progress for three weeks, and are currently reported some 40 miles from Tobruk. The precise combat area appears to be somewhat uncertain, owing to the vast maneuvers of the mechanized forces over great stretches of desert. Some British spokesmen said early this week that the Axis drive had been halted by British units, while others said that it had "spent itself."

No major battles have been reported so far this week in Northern Africa, which may well mean that both sides are jockeying for positions. The next phase of the campaign, it may be, will develop both eastward and westward from the supply depots of the Axis in Tripolitania. That the British expect a heavy thrust against Gibraltar was revealed incidentally, in reports of a bomb explosion at Tangier, last Friday, in which a number of Britons were killed and wounded. According to dispatches from Tangier, a partial evacuation of Gibraltar was in progress.

Observers in neutral Switzerland gained the impression that the German Nazis were preparing frantically for a gigantic Spring drive toward the Middle East, with the oil of the Caucasus and the Mosul field the real aim. The German Air Marshal, Hermann Goering, spent several days in Italy, late last week, conferring with Premier Mussolini and other Italian officials. Aerial bombing of the British island fortress of Malta in the Mediterranean was continued by the Axis without abatement.

British dominance of much of Africa was attested, meanwhile, by several incidents in Egypt and Ethiopia. Cairo, the Egyptian capital, reported the formation of a new Cabinet headed by Mustafa Nahas Pasha, who is said to favor the British. The Cabinet crisis was attended by open British assertions that the loyalty of King Farouk is not above suspicion. In Ethiopia the British are to maintain military missions, magistrates in the courts and otherwise are to hold the reins, under a treaty announced in London last week, which also provided Emperor Haile Selassie with a British advance of $2,500,000.

Reich and Russia

Military developments on the vast front in Eastern Europe currently are veiled in deep obscurity, with the voluminous Russian reports and claims not actually much more informative than the laconic German announcements that heavy fighting continues. The front apparently is fluid, and the deep winter weather probably dominates operations on both sides. Moscow asserts in stentorian tones, however, that the Red Army is beating back the Germans rapidly. It is to be hoped that the claims are justified.

If the Russian claims are exaggerated, there is no just criticism that can be advanced in the United States. In Washington dispatches, late last week, it was conceded that our deliveries of war materials to Russia in the last three months were less than half of the promised supplies. Britain was said to be keeping much nearer to schedule in the shipment of equipment to the Red Army.

Russian units were reported from Moscow to be pushing on over the snows of the forests and plains toward the former Russian frontier with Latvia. Smolensk was said to be virtually in the grasp of the Red forces, and the environs of Kharkov were reported reached. A vast effort was made to dislodge the Reichswehr from fortifications near Leningrad. Cavalry and ski troops stood the Russians in good stead in these maneuvers, it appears. Extraordinary losses were visited upon the Germans in all engagements, Moscow added, and the Russian people were informed that the hour is near when the occupied provinces will be returned to Russian sovereignty. Three of these provinces were said on Tuesday to have been entirely cleared of German forces.

German announcements on the fighting remained extremely brief, but claims were advanced on occasion that sizeable bodies of Red Army troops had been defeated. Stiffening resistance of the Reichswehr finally was admitted even in Moscow. Moreover, the Germans continued their sieges of Leningrad and Sevastopol, and held tenaciously to the important Donets town of Kharkov.

A curious sidelight on this struggle was supplied by the former British Ambassador to Russia, Sir Stafford Cripps. Writing and lecturing daily in his own country, Sir Stafford has been presenting Russian Communism in the most favorable possible light. He also suggested that Germany will resume the offensive on the Russian front next May, and urged that much material assistance be sent to Russia.

Western Europe

Hardly any activity was noted this week in the direct fighting between British and German forces in Western Europe, but it was evident that intensive preparations were being made everywhere for fresh campaigns. The perilous British position at Singapore and in Burma kept Europe in the background. A Pacific Council finally was set up in London, Monday, in which the member nations of the British Commonwealth and the Netherlands will collaborate. Washington is to be the military nerve center of the United Nations, and adequate contact is to be maintained among all groups.

Recent criticism of the British Cabinet occasioned some modest changes in London, last Thursday. Lord Beaverbrook was given the newly created War Cabinet post of Minister of War Production, while Sir Andrew Rae Duncan was named as Minister of Supply, to succeed Lord Beaverbrook. Numerous less important shifts also were effected. It is generally believed that the new difficulties which Britain now faces in the East, along with all other United Nations, will cause still more questionings in the House of Commons, and perhaps some more emphatic Cabinet changes.

The German side of the picture assuredly is no better than that of the United Nations. Little information is permitted to seep through the Reich lines, however, other than reports of a curious succession of deaths among the highest German military groups. The latest of these was the "accidental" death of Major General Fritz Todt, Minister of Munitions, on the German Eastern front, reported Monday. The German Propaganda Minister, Paul Joseph Goebbels, is busy explaining to the German people why they are grumbling.

Aerial fighting over the Atlantic and the North Sea apparently was modest in recent days, possibly because of bad weather conditions. London reported last Saturday the successful repulse of German air attacks on a convey. Both sides engaged in modest bombing of objectives, such as ports and industrial establishments. London admitted on Sunday the loss of the destroyer Matabele, 1,870 tons, this sinking probably corresponding to a previous German announcement of a British destroyer sinking in the Atlantic.

France-Spain-Portugal

Political leaders of unoccupied France and of Spain and Portugal were reported yesterday to be arranging conferences at which they might discuss their respectively and mutually unhappy positions as "neutrals" in a Nazi-dominated Europe. Such gatherings are not to be regarded lightly, especially at such moments as the present one when the United Nations appear almost everywhere to be on the defensive. The collaboration of the Vichy regime in France and the fascist government in Madrid with the Axis is altogether likely to increase, especially when the Nazis and their Italian associates are making military progress in Northern Africa.

London dispatches made it clear, late last week, that unoccupied France was receiving fresh attention, in the light of alleged evidence that food, gasoline and other military stores were supplied by Vichy to the German and Italian forces in Africa. Washington also was reported to be much concerned over the trend.

That fresh developments are brewing is made clair by reports that Marshal Petain is journeying from Vichy to Madrid, in order to confer with Spanish authorities. Portuguese officials also are said to contemplate a visit to Madrid. In all probability this reflects added pressure by the Germans throughout the Iberian Peninsula, and the sad fact must be recognized that the hold of the Reichswehr upon much of Continental Europe may incline the three nations to comply with Nazi demands.

From Washington

(Continued from First Page)

there is developing a thought about the domestic economy. The fact that it is developing among the Dollar-a-year men as a whole, would not be significant. But it is developing among the Dollar-a-year men who have heretofore been playing ball with the New Dealers and who are still getting their economics from New Dealers.

Of even more significance, is the rather pronounced feeling among the Bureaucratic "thinkers" that perhaps the entire closing down of the automobile industry was too drastic. Moving around Washington you get the impression, now that the agitation against the industry is fairly over, that there is a fright among those responsible for it. Maybe the striking down of the industry in one fell swoop was too much, they now say. In this connection something I have written here before, to the effect that Leon Henderson considered the thing to do was to cut the industry down completely and slowly begin its rebuilding from the ground up, is pertinent. He recalled at the time, now the New Deal had struck down the banking industry in 1933 and rebuilt it from the bottom (under such a rigid government control that there is a question as to what function the majority of the banks in this country now perform.) Unmistakably, from now on, there is to be a fight for the control of the automobile industry, in the rebuilding, but what is interesting is that in New Deal circles, there is a fright about the near future political problems that have been entailed. The fear is that when farmers operating second-hand cars, when countless other citizens operating second hand cars, when the millions of workers depending upon automobiles for their transportation, come to be inconvenienced, find themselves utterly without cars, or having cars, without places to get gas or tires or repairs, they will begin to ask questions. It won't be as easy to "rebuild" the automobile industry because Washington newspapermen, visiting Detroit a couple of weeks ago at the invitation of the automobile manufacturers, have returned to tell how the industry has torn out its automobile production lines, torn them out completely, and are diverting to war goods. Well,unlike the President's issuing an order which reopened the banks, this can't be done to the automobile industry.

The havoc having been done, frankly I get quite a bit of pleasure out of reporting that among the few times since the New Dealers came to Washington there is a worry among them, including the Dollar-a-year men who went along with them for reasons of their own, that more has been bitten off than can be chewed.

A relatively young clerk of Congressman Ham Fish has just been sentenced to jail because he was supposed to have had to do with the dissemination of Hitler propaganda in this country. It is difficult to see how Hitler personally or any of his agents could do a better job than is being done in Washington today by the happenings in the bureaucracy.

There is a tremendous furore about Mrs. Roosevelt's putting the actor Melvyn Douglas, and the dancer, Chaney, or something like that, in the Office of Civilian Defense. One hears taxicab drivers discussing it, making disparaging remarks about how they are going to do everything they can to avoid serving in the armed forces, how they wouldn't subscribe to a defense bond. Mrs. Roosevelt has made it clear that she will fight back. The usually dignified Mark Sullivan, expressing all the indignation at his command, ask how on earth Mrs. Roosevelt got in the OCD in the first place. Perhaps, he says, she walked in and imposed herself on Mayor LaGuardia, against whom the agitation has been so pronounced that he is virtually out. Mrs. Roosevelt, as clever as she is, in the long run, is likely to confound her Congressional and editorial critics by bringing in extraneous matters.

In order that you will know what is going on in Washington, the facts are these:

LaGuardia, being a politician, began working on Mr. Roosevelt shortly after the Presidential campaign of 1940, for a place in the Defense set-up. A politician must keep in the headlines. The headlines had swept at that time, to the "defense" program. Therefore, a politician, to keep in the headlines had to get in on this show. LaGuardia was to be a candidate for reelection in November of 1941. It was his original idea that the country neded an organization to make the people "war conscious." The way to make them "war conscious" according to LaGuardia, was to put uniforms on them, make them a part, in some way, of the war endeavor. It took him at least four months to sell this idea to the President who is an adroit politician himself. This writer knows of at least three conferences which LaGuardia had with the President and came away from the White House burning up because he had not been able to sell his idea. Finally, the President gave him the go-ahead and another bureau came into being in Washington's bureaucracy. About this time, Frank Knox had persuaded the President to let Col. "Wild Bill" Donovan, although a Republican, get in on the snow. So the President finally told him he could have an organization to be known as "Coordinator of Information" (COI). With such indefinable bureaucratic set-ups, it is up to ambitious men to go out and create a function. Before even creating this function they go to Congress and get hundreds of thousands of dollars for their operations, Congress being what it is today. Donovan, thinking he could be everything that the OCD, the OFF and the Censorship Office is, if he moved fast and skilfully in the bureaucratic maze, thought it would be a ten spot to take Jimmy Roosevelt on his staff. This would give him contact with Father Roosevelt. LaGuardia saw this and moved quickly to offset it. He appointed Mrs. Roosevelt to his set-up. Mrs. Roosevelt has long had ideas on what she calls "universal service" on the part of the people. The business of preparing people for possible bombing raids is deeply subordinate in her mind. But she does think people should be "organized"—for visiting one another, for dancing together, for playing games together, for eating together, singing together—that we should be just one happy family of 130,000,000 people, presumably gathering for her occasional visits, going to the doctor en masse, to church en masse, to her lectures en masse.

So she set out to make LaGuardia's OCD creation a vehicle for this. On the question of possible bombings, she may or may not feel as lightly as did the members of Lord Beaverbrook's mission recently over here. Our talk about bombings and our efforts at precautions against them, amused the members of this mission no end. It was not that they thought a bombing inconceivable. But they couldn't understand such nationwide frantic activity in view of the remoteness of a bombing and the relatively insignificant damage which such a bombing could effect. It may or may not have been their amusement which caused the White House to ask Washington newspapermen not to print the fact that within a few hours after Pearl Harbor, half of Pennsylvania Avenue, in front of the White House, was being torn up for the purposes of erecting a bomb shelter for the White House—and the Treasury.

To make the Washington picture even more ridiculous, there is the fact that out of the melee between Donovan and LaGuardia, some alphabetical letters were given to Archibald MacLeish, the poet-librarian. The letters "OFF" were allotted to him, the open sesame to Congressional appropriation went along with it. Newspapermen, publicity men—others seeking jobs—pursued MacLeish for weeks and weeks trying to ascertain just what his organization was to do and the man frankly explained that he had very little idea. But he knew one thing: He was going to build up a staff. Some of the best known writers in the country were accumulated and some of these fellows would say:

"I want to do my bit, but I don't want to come to Washington and just sit around. What can I do if I join up with you?"

Archie would assure them that although his jurisdiction was not defined just yet, the men joining him could be assured that they would go places.

In the meantime, it was suggested that a possible field for him might be to "coordinate" the utterances of the Washington bureaucrats. It was pointed out that one official was liable to say one thing on the radio one night and the same night, another official would be saying something different. Archie thought that was a good idea but he didn't see how he could possibly attain the estate of censoring the speeches of cabinet members. But he went to work on that possibility—with the backing of Felix Frankfurter—and the high priced writers whom he brought in were pressing him to be "vigorous" and to assert himself. Lo and behold, he has finally wangled a White House order calling upon the cabinet members and the other governmental big shots to submit their speeches to him and his high priced magazine writers, some of whom have very "liberal" views. It will be good; it will be amazing, if he gets by with it.

It is not without significance that in the White House order giving him this authority, Frank Knox was made the goat. The necessity for having this uniformity of official utterances, the Washington correspondents were told, could be seen in the "terrible blunder" which Knox made in a speech which terribly riled the Australians and the Chinese, the latter particularly. It was that famous speech that Hitler was our No. 1 enemy and had to be licked first.

The fact is that this has been Mr. Roosevelt's policy and there is a serious question as to whether he has been even yet definitely weaned away from it. But it is a politically bad sign for Knox that he was made the goat. Heretofore, he has been one man who "talked up" to Mr. Roosevelt. On two or three notable occasions, he has said point blank that he had a paper to go back to in Chicago and was ready to do it if anything was put over on him. But Pearl Harbor has intervened. Knox would not like to pull that bluff now. Before Pearl Harbor, much political capital could have been made out of Knox's resignation. The situation was so bad that this man who was so patriotic, that as a Republican he came into the cabinet in the midst of a campaign, couldn't stand for it. That is the way it would have seemed then.

Now, if he were to leave the cabinet, the New Dealers could do a job on him, pin Pearl Harbor on him, perhaps. He's come to be in a hole and the humiliation he is likely to suffer from now on is nobody's business. Watch out for Stimson.

Dec. Sales On Exchanges Up 104% In Market Value

The Securities and Exchange Commission announced that the market value of total sales on all registered securities exchanges for December, 1941, amounted to $1,220,311,576, an increase of 104.3% over the market value of total sales for November and an increase of 46.7% over the market value of total sales for December, 1940. Stock sales, said the Commission's announcement, excluding right and warrant sales, had a market value of $1,085,447,498, an increase of 113,3% over November. Bond sales were valued at $134,712,225, an increase of 52.5% over the November value. The market value of right and warrant sales for December totaled $151,853, involving 594,785 units. The Commission's announcement further said:

> The volume of stock sales, excluding right and warrant sales, was 62,081,189 shares, an increase of 134.5% over November. Total principal amount of bond sales was $277,037,925, an increase of 72.0% over November.
>
> The two New York exchanges accounted for 92.6% of the market value of total sales, 91.7% of the market value of stock sales, and 99.7% of the market value of bond sales on all registered securities exchanges.
>
> The market value of total sales on exempted securities exchanges, excluding Honolulu Stock Exchange, for December, 1941, amounted to $716,623.

Pass Defense Housing Act

Legislation authorizing an appropriation of $450,000,000 for housing and community facilities in war production centers was was signed on Jan. 21 by President Roosevelt. The bill authorizes $300,000,000 for approximately 75,000 houses for defense workers in many sections of the country and $150,000,000 for school, health and similar facilities. These authorizations raise to $900,000,000 the Government's defense housing program, since the same amounts were voted last year.

The House originally passed the bill on Dec. 11 and the Senate on Dec. 19. However, due to differences the two measures were sent to conference and this report was approved by the Senate on Jan. 14 and the House on Jan. 15, thus completing Congressional action.

Jones Gets Mutual Post

The Mutual Life Insurance Co. of New York has announced the appointment of Rufus H. Jones as a member of the Executive Department to take charge of agency publicity, and to participate in other publicity and advertising activities of the company. Prior to joining the Mutual Life organization, Mr. Jones was associated with McCann-Erickson, Inc., New York advertising agency, as copywriter and account executive. From 1935 to 1940, he was connected with the advertising firm of Doremus & Co., serving the New York office of this agency in both its copy and publicity departments. Previous to that time he was a member of the editorial staff of "Barron's Magazine" in Boston. In addition to his work in publicity and advertising, Mr. Jones has contributed many articles to the "Saturday Evening Post" and other magazines.

Admiral Land To Head New WSA

President Roosevelt on Feb. 9 created a War Shipping Administration, in order to assure the most effective utilization of the shipping of the United States in the war effort, and named Rear Admiral Emory S. Land, Chairman of the Maritime Commission, as head of the new agency. Under the executive order, Admiral Land is empowered to requisition all ocean vessels, not belonging to the services or engaged in coastal transportation under the control of the Office of Defense Transportation; allocate vessels for use by the United States and by the governments of the United Nations; provide marine insurance and reinsurance against loss or damage resulting from the war; establish the conditions for receiving priorities; represent the United States in dealing with the British Ministry of War Transport and with similar agencies of the allied countries on shipping matters and maintain current data on shipping under construction.

Establishment of the War Shipping Administration is in line with the joint United States-British announcement of Jan. 27 creating three boards to deal with munitions assignment, shipping adjustment and raw materials (see issue of Feb. 5, page 572).

The text of the President's order follows:

> By virtue of the authority vested in me by the Constitution and statutes of the United States, including the first War Powers Act, 1941, approved Dec. 18, 1941, as President of the United States and Commander in Chief of the Army and Navy, and in order to assure the most effective utilization of the shipping of the United States for the successful prosecution of the war, it is hereby ordered:
>
> 1. There is established within the Office for Emergency Management of the executive office of the President a War Shipping Administration under the direction of an Administrator who shall be appointed by and responsible to the President.
>
> 2. The Administrator shall perform the following functions and duties:
>
> A. Control the operation, purchase, charter, requisition and use of all ocean vessels under the flag or control of the United States, except (1) combatant vessels of the Army, Navy and Coast Guard; fleet auxiliaries of the Navy, and transports owned by the Army and Navy; and (2) vessels engaged in coastwise, intercoastal and inland transportation under the control of the Director of the Office of Defense Transportation.
>
> B. Allocate vessels under the flag or control of the United States for use by the Army, Navy, other Federal departments and agencies and the governments of the United Nations.
>
> C. Provide marine insurance and reinsurance against loss or damage by the risks of war as authorized by Title II of the Merchant Marine Act, 1936, as amended.
>
> D. Establish the conditions to be complied with as a condition to receiving priorities and other advantages as provided in Public Law 173, 77th Congress, approved July 14, 1941.
>
> E. Represent the United States Government in dealing with the British Ministry of War Transport and with similar shipping agencies of nations allied with the United States in the prosecution of the war, in matters related to the use of shipping.
>
> F. Maintain current data on the availability of shipping in being and under construction and furnish such data on request to the Departments of War and the Navy, and other Federal departments and agencies concerned with the import or export of war materials and commodities.
>
> G. Keep the President informed with regard to the progress made in carrying out this order and perform such related duties as the President shall from time to time assign or delegate to him.
>
> 3. The functions, duties and powers conferred by law upon the United States Maritime Commission with respect to the operation, purchase, charter, insurance, repair, maintenance and requisition of vessels, and the issuance of warrants with respect thereto, under the Merchant Marine Act of 1936 as amended, 49 Stat. 1985, Public Law 101, 77th Congress, approved June 6, 1941, and Executive Order 8771 issued pursuant thereto, Public Law 173, 77th Congress, approved July 14, 1941, are hereby transferred to the Administrator; and such part of existing personnel of the United States Maritime Commission together with such records and public property as the Administrator may deem necessary to the full exercise of his functions and duties prescribed by this order are hereby assigned to the War Shipping Administration.
>
> 4. Vessels under the control of the War Shipping Administration shall constitute a pool to be allocated by the Administrator for use by the Army, Navy, other Federal departments and agencies, and the governments of the United Nations. In allocating the use of such vessels the Administrator shall comply with strategic military requirements.
>
> 5. For the purpose of carrying out the provisions of this order, the Administrator is authorized to utilize the services of available and appropriate personnel of the United States Maritime Commission, the War and Navy Departments, the Bureau of Marine Inspection and Navigation of the Department of Commerce, and other Government departments and agencies which are engaged in activities related to the operation of shipping.
>
> 6. In the discharge of his responsibilities the Administrator shall collaborate with existing military, naval and civil departments and agencies of the Government which perform war-time functions connected with transportation overseas, in order to secure the most effective utilization of shipping in the prosecution of the war. The Administrator particularly shall maintain close liaison with the Departments of War and the Navy through the assistant Chief of Staff for Transportation and Supply and the Director, Naval Transportation Service, respectively, with respect to the movement of military and naval personnel and supplies; and with the Director of the Office of Defense Transportation with respect to the relation of overseas transportation to the coastwise and intercoastal shipping and inland transportation. With respect to the overseas transportation of cargoes essential to the war production effort and the civilian economy the Administrator shall be guided by schedules transmitted to him by the Chairman of the War Production Board prescribing the priority of movement of such commodities and materials.
>
> 7. The Administrator may establish committees or groups of advisers representing two or more departments of the Federal Government, or agencies or missions of governments allied with the United States in the prosecution of the war, as the case may require to carry out purposes of this order. Further, he may appoint representatives to such joint missions or boards dealing with matters within the scope of this order as may be established with governments associated with the United States in the prosecution of the war.
>
> 8. Within the purpose of this order, the Administrator is authorized to issue such directives concerning shipping operations as he may deem necessary or appropriate, and his decisions shall be final with respect to the functions and authorities so vested in him. The Administrator may exercise the powers, authority and discretion conferred upon him by this order through such officials or agencies and in such manner as he may determine.
>
> 9. The Administrator is further authorized within the limits of such funds as may be allocated, transferred, or appropriated to the War Shipping Administration to employ necessary personnel and make provisions for necessary supplies, facilities, and services. So much of the unexpended balances of appropriations, allocations, or other funds available (including funds and contract authority available for the fiscal year ending June 30, 1942) for the use of the United States Maritime Commission in the exercise of the functions transferred to the Administrator and the War Shipping Administration, as the Director of the Bureau of the Budget with the approval of the President shall determine, shall be transferred to the War Shipping Administration for use in carrying out the functions and authority transferred to the Administrator and the War Shipping Administration pursuant to the provisions of this order. In determining the amounts to be transferred from the United States Maritime Commission, the Director of the Bureau of the Budget may include amounts necessary to provide for the liquidation of obligations previously incurred by the United States Maritime Commission against such appropriations, allocations or other funds prior to the transfer; provided, that the use of the unexpended appropriations, allocations or other funds transferred by this section shall be subject to the provisions of Section 3 of the first War Powers Act, 1941.
>
> FRANKLIN D. ROOSEVELT.
>
> The White House, Feb. 7, 1942.

Hurley To New Zealand

Brig. Gen. Patrick J. Hurley, Secretary of War under President Hoover, was nominated by President Roosevelt on Jan. 28 to be the first American Minister to New Zealand. It is assumed that Gen. Hurley already has reached his post. Gen. Hurley, who is a native of Oklahoma, was recently promoted by the President from the rank of Colonel in the Army Reserve, to that of Brigadier General. The Senate received this nomination on Jan. 19 and confirmed it on Jan. 28. At the time the promotion was made known, the White House announced that Gen. Hurley would undertake a special mission and, it is said, his nomination to the New Zealand post was withheld then in order to insure his safe arrival there. Gen. Hurley served in the Hoover Cabinet from 1929 to 1933 and since that time has been practicing law in Washington.

The President had nominated David J. Winton, Minneapolis lumberman, as the first Minister to New Zealand but withdrew this nomination at the latter's request on Jan. 16 as noted in our issue of Jan. 22, page 342.

Wheat Referendum In May

On Feb. 4 Secretary of Agriculture Wickard set May 2 as the date for the wheat referendum in which wheat farmers throughout the nation will vote on wheat marketing quotas for the second successive year.

Quotas were proclaimed on the 1942 crop last July when it became apparent 1942-43 wheat supplies would far exceed the marketing quota level set by law. However, said the Department, to be placed in effect, quotas must have the approval of two-thirds of the wheat farmers voting in a national referendum. Farmers voted approval of quotas on the 1941 crop by an 81% majority.

In making this announcement, Secretary Wickard said:

> American agriculture is embarking on the largest and most comprehensive food production program the world has ever seen. To obtain this production our entire agricultural effort must be expended in such a way that no waste of human labor, machines and material will occur in needless production of farm goods that already exist in plentiful quantities. Wheat farmers through the Ever-Normal Granary have provided plentiful reserves. Without producing a bushel this year, we have enough on hand to supply all of our anticipated needs both at home and in foreign outlets well into 1943.
>
> Raising excessive wheat wastes productive effort of farmers, disrupts transportation and clogs storage facilities that are already filled to capacity.
>
> We must provide for orderly handling of our wheat reserves and at the same time democratically divide the responsibility for this orderly handling among all the nations' wheat farmers.

In connection with the quota program, the announcement says:

> The quota program remains essentially the same as that in operation in 1941. Quotas do not apply to farms on which the acreage planted to wheat for harvest is not more than 15 acres nor to farms on which the normal production of the acreage planted to wheat is less than 200 bushels.
>
> Under quotas, farmers who have overseeded their acreage allotments are asked to make the same adjustment in their marketings that program cooperators made when they seeded within their allotments. All farmers may market free of penalty normal or actual production from their acreage allotments and farmers whose entire production is below normal may market free of penalty an amount of wheat equal to the normal production of their acreage allotment. Excess wheat, unless stored under bond, is subject to a penalty of 50% of the basic loan rate.

As to wheat supplies, the Department stated:

> The supply of wheat in 1942-43 is estimated to be 1,428,000,000 bushels on the basis of a July 1, 1942, carryover of 635,000,000 bushels and a 1942 crop of 793,000,000 bushels, which includes a prelininary estimate for 1942 winter wheat of 631,000,000 bushels and average production for spring wheat of 162,000,000 bushels. This is the greatest supply on record, nearly 100,000,000 bushels more than a year ago.

The announcement also had the following to say:

> In connection with the referendum announcement, the AAA said 1942 provisions have been relaxed to allow substitution of volunteer wheat for seeded wheat destroyed by a cause beyond the farmer's control such as flood or drouth. The substitution of volunteer wheat acreage for the acreage destroyed can be made upon the approval of the county AAA Committee. To be in full compliance with the AAA program, however, the total wheat acreage on a farm cannot exceed the wheat acreage allotment. If for some reason a farmer was unable to seed his wheat, a volunteer crop, as in former years will be classed as seeded for program purposes.

Real Estate Mortgage Investments Up In '41

In its "Mortgage Recording Letter," issued Jan. 28, the Federal Home Loan Bank Board reports that consistent with the increased tempo of activity in business and industry, investments by institutions and individuals in real estate mortgages continued upward during 1941. The study of nonfarm mortgage recordings of $20,000 or less, which is conducted by the Board's Division of Research and Statistics with the voluntary cooperation of progressive savings and loan associations throughout the country, reveals that all mortgage lenders during the year recorded more than 1,628,000 mortgages, representing an investment of over $4,750,000,000. This high volume of recordings is an increase of $700,000,000 over 1940 and $1,200,000,000 over 1939. While the volume by each class of mortgage lender has moved consistently upward, there have been some significant shifts in the relative participation in total activity. The Board's letter further states:

> The residential construction index of the Bureau of Labor Statistics stood 98% above the 1935-39 average, despite the sharp curtailment of activity when priorities were imposed during the latter months of the year. This was the highest point that the index has reached in well over a decade. Nonfarm real estate foreclosures have likewise shown a favorable movement. During 1941 this Federal Home Loan Bank Board index continued downward to a point 65% below the 1935-39 average.
>
> Increased mortgage activity in recent years is the effect of many interrelated factors. Rising real estate values resulting from generally improved economic conditions, coupled with an increased demand for housing due to national defense, has provided an impetus and a market for the liquidation of institutionally owned properties. Home ownership has been made easier by the wider acceptance of higher loan to value ratios, longer periods of amortization, and lower interest rates. The rise in values and the higher ratio loans are reflected in the increase of the average size of mortgages recorded. In 1941 the average size of loan was $2,906, as compared with $2,722 in 1939. Government agencies, particularly the Home Owners' Loan Corporation and the Federal Housing Administration, have contributed materially toward fostering these lending policies.
>
> During December, 1941, the total of mortgage recordings amounted to $392,000,000, as compared with $327,000,000 in December, 1940, and $303,000,000 in December, 1939. The figure for 1941 represented a 3.9% increase over November, 1941, whereas the December, 1940, and December, 1939, figures decreased 0.2% and 1.7%, respectively, from their preceding months. This contra-seasonal increase in December, 1941, may be partially attributed to a desire of home-seekers to purchase standing structures and to complete pending negotiations before further price rises occurred.